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RECORE SOLUTIONS, LLC,
a Delaware limited liability company
.

**SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN BERNARDINO**

RECORE SOLUTIONS, LLC, a Delaware
limited liability company

Plaintiff,

v.

TEN-X, INC., a Delaware corporation;
COSTAR GROUP, INC., a Delaware
corporation; and DOES 1-20 Inclusive,

Defendants.

CASE NO. _____

Assigned for all purposes to:

Hon. _____

Dept. _____

COMPLAINT FOR:

- 1. Breach of Contract (Failure to Pay Monetization Fee)**
- 2. Breach of Contract (Unauthorized Derivative Use)**
- 3. Breach of Contract (Use Outside Licensed Location)**
- 4. Breach of Contract (Unauthorized Use in AI/Machine Learning)**
- 5. Declaratory Relief**

Plaintiff REcore Solutions, LLC ("REcore") alleges as follows:

I.

INTRODUCTION

1. Plaintiff REcore Solutions, LLC brings this action for breach of contract and declaratory relief against Defendants Ten-X, Inc. and CoStar Group, Inc., who for nearly two years

1 accessed and monetized real estate listing records from the California Regional Multiple Listing
2 Service (“CRMLS”) through the Homes.com platform while failing to pay licensing fees owed
3 under a written agreement.

4 2. In 2023, REcore, which operates CRMLS’s listing license platform, entered into a
5 Participant Data License with Ten-X and CoStar. The License authorized use of CRMLS listing
6 records on Homes.com under limited conditions, including a capped Monetization Fee of \$500,000
7 per year if the listings were used for commercial advertising purposes.

8 3. Defendants triggered the Monetization Fee through their “Boost” advertising
9 program and substantial listing traffic on Homes.com—but failed to pay. Ten-X, while nominally
10 a licensed California real estate broker, has never represented a buyer or seller in a CRMLS
11 transaction.

12 4. Defendants’ breaches include failure to pay fees, unauthorized use of listing records
13 in printed marketing, and use of the records in artificial intelligence and machine learning systems
14 in violation of the License. REcore seeks compensatory damages, declaratory relief, attorneys’
15 fees under Section 12.5 of the License, and all other appropriate relief.

16 II.

17 PARTIES AND JURISDICTION

18 5. Plaintiff REcore Solutions, LLC is a Delaware limited liability company with its
19 principal offices in Knoxville, Tennessee. Its members are the California Regional Multiple
20 Listing Service, Inc. (“CRMLS”) and NorthstarMLS. REcore was established to develop and
21 operate a standardized licensing platform for the fair distribution of listing data on behalf of
22 CRMLS and its member brokers.

23 6. Defendant Ten-X, Inc. is a Delaware corporation registered to do business in
24 California. It is a duly licensed California real estate broker and has continuously maintained an
25 active broker license issued by the California Department of Real Estate since 2013. Ten-X’s
26 principal place of business is located at 17600 Laguna Canyon Road, Irvine, California, where its
27 executive team directs and controls the company’s operations. Plaintiff is informed and believes,
28 and thereon alleges, that Ten-X's Irvine office functions as the company’s headquarters and nerve

center, and that the corporation is therefore a citizen of California for purposes of 28 U.S.C. § 1332(c).

7. Defendant CoStar Group, Inc. (“CoStar”) is Delaware Corporation with its principal place of business in Arlington VA.

8. On information and belief, CoStar owns and operates the consumer-facing Homes.com platform, which serves as the centerpiece of its residential real estate business. In May 2021, CoStar acquired the Homes.com business line for approximately \$156 million and integrated it into its portfolio of real estate platforms. Since that time, CoStar has consistently promoted Homes.com as its “flagship” residential listing and advertising platform.

9. On information and belief, CoStar directs and controls the business operations, advertising systems, and monetization strategies associated with Homes.com. CoStar’s senior executives—including its Chief Executive Officer and Chief Financial Officer—have publicly touted the importance of Homes.com to CoStar’s residential growth strategy and oversee day-to-day decisions related to Homes.com operations, including the “Boost” advertising program that monetizes listing records.

10. On information and belief, CoStar receives direct financial benefit from the display, advertising, and monetization of CRMLS listing records on the Homes.com website, and that CoStar supervises or approves the marketing content, platform features, and licensing arrangements under which Homes.com operates. Although “Homes.com” is used publicly as a brand, it is owned and controlled by CoStar, and operates through one or more wholly owned CoStar subsidiaries that act at CoStar’s direction.

11. The true names and capacities of Defendants sued herein as DOES 1 through 20, inclusive, are unknown to Plaintiff, who therefore sues these Defendants by such fictitious names. Plaintiff is informed and believes and thereon alleges that each of the fictitiously named Defendants is responsible in some manner for the occurrences herein alleged and that Plaintiff’s damages as herein alleged were proximately caused by such Defendants. Plaintiff will seek leave of Court to amend this Complaint to allege their true names and capacities when ascertained. Defendants Ten-X, CoStar and Does 1 through 20 will be referred to herein as “Defendants”.

12. Plaintiff is informed and believes and thereon alleges that each Defendant, including DOES 1 through 20, inclusive, was the agent, employee, servant, partner, joint venturer, representative, principal, and/or alter ego of each of the other Defendants, and in doing the things herein alleged, was acting within the course and scope of such relationships, and with the knowledge, consent, ratification, and authorization of the other Defendants. Plaintiff is further informed and believes and alleges that, at all relevant times, there existed a unity of interest and ownership between certain Defendants such that any individuality or separateness between them has ceased to exist, and adherence to the fiction of their separate existence would promote injustice, fraud, or inequitable results.

13. Venue is proper in San Bernardino County pursuant to Code of Civil Procedure section 395 and applicable law. The License Agreement entered into by the parties contains a written forum selection clause in Section 12.1, designating San Bernardino County, California, as a proper venue for any litigation arising under the agreement. The contract was to be performed in California, and Plaintiff REcore's principal place of business in California is located in Chino Hills, San Bernardino County. The breaches alleged herein occurred in substantial part through Defendants' display, use, and marketing of CRMLS listing records in this forum. The License Agreement further lists REcore's San Bernardino County address for notices and performance. Plaintiff is informed and believes that Ten-X, Inc., though incorporated in Delaware, is registered to conduct business in California and maintains its principal place of business in Irvine, California.

III.

FACTUAL ALLEGATIONS

13. In 2023, the California Regional Multiple Listing Service ("CRMLS") entered into a written licensing agreement titled the Participant Data License Agreement (the "License Agreement") with REcore Solutions, LLC ("REcore"), granting REcore the exclusive right to develop, operate, and manage a system for licensing CRMLS listing records to CRMLS participants, subscribers, nonmember vendors, and other real estate data users.

14. Since 2008 most multiple listing services, including CRMLS, have provided a data feed of listing records to their own participants and subscribers for minimal costs, since those

1 paying members contributed to the overall network effect that supports the business goals of the
2 multiple listing service.

3 15. Nonparticipants and nonsubscribers to the multiple listing service also benefit from
4 using CRMLS listing records to facilitate real estate transactions. This includes Freddie Mac,
5 Fannie Mae and other secondary mortgage market players, lending institutions, insurance
6 companies, appraisal review companies and other users of real estate data.

7 16. Additional users of MLS listing records include real estate portals that derive their
8 revenue from selling advertising space on a well trafficked website or application. Such advertising
9 does not contribute to the “network effects”—the increasing utility of the MLS platform as more
10 brokers contribute and share listings--or in any way enhance or support the MLS's core business
11 of operating a broker cooperative.

12 17. As a result of a misapplication of long standing policies developed by the National
13 Association of Realtors in the settlement of a antitrust action brought by the United States
14 Department of Justice over 20 years ago, most MLS have decided to manage their licensing
15 platforms and policies in a way that allows a company that has a broker’s license to secure access
16 to the MLS listing records via a data feed, even if that company is not actively engaged in providing
17 brokerage services.

18 18. Over the last several years there have been several legal attacks, and some
19 judgments, that have resulted in significant practice changes as it relates to the operation of a
20 multiple listing service. Specifically, MLS's traditionally provided a mechanism for their
21 participants to make offers of compensation and share commissions with each other. That
22 opportunity and participant incentive to use the multiple listing service has now been effectively
23 eliminated as part of a class action settlement agreement.

24 19. To provide an incentive for listing brokers to continue to input information about a
25 for sale property into the CRMLS database for the creation of listing record, and to establish a
26 more equitable and fair distribution of proceeds from the value of the listing records, CRMLS
27 engaged the services of REcore to operate a licensing system.

28 20. The REcore licensing system fees are based upon how a licensee uses the MLS

1 listing records, and are not based on the participant status of the company or broker. The fee is
2 based on how many times a listing record detail page is displayed with an annual maximum. The
3 fee can be zero for less than 200 monthly displays to encourage startup or new innovators in the
4 listing display space. The fee is also zero if the display use is by a CRMLS participant or subscriber
5 that uses the display to assist the licensee in obtaining buyer or seller clients to whom the licensee
6 will then provide brokerage services in the CRMLS service area consistent with California real
7 estate license law. CRMLS receives a substantial benefit from these participants and subscribers
8 that contribute to the network effect of the CRMLS core business of providing a broker
9 cooperative, so their fee is currently zero. In contrast, licensees that derive revenue from
10 advertising or listing enhancements without performing brokerage services are required to pay
11 \$0.02 per detail page view, up to a cap of \$500,000 per year.

12 21. The Agreement between CRMLS and REcore requires that REcore distribute a
13 share of the revenue it receives from monetizing CRMLS listing records to the individual brokers
14 who contributed those records. The amount each broker receives is based on the number of listings
15 they input in the CRMLS system. The Agreement guarantees that no less than 60% of all gross
16 revenue generated from any monetization of the CRMLS listing records will be shared with these
17 contributing brokers. REcore and CRMLS intend for this percentage to be increased to 75% of the
18 gross revenue, once the substantial startup costs and initial capitalization investments used to
19 establish these programs have been repaid.

20 22. The CRMLS use of the REcore licensing system provides significant benefits and
21 results in direct encouragement and incentive for CRMLS participating brokers to contribute for-
22 sale and closed-sale data and information into the CRMLS database by ensuring that these
23 contributing listing brokers receive the vast majority of any value that is generated from the listing
24 data. For any single broker to meaningfully monetize their own individual listings would be
25 extremely unlikely. A single broker's own listing data holds very little to no value in the real estate
26 data marketplace. Significant value arises only when a very large number of listing records are
27 available to a licensee. Significant costs are saved by the licensees by having access to a large
28 amount of data, rather than forcing each licensee to create separate data management processes for

1 tens of thousands of different brokers holding their data in several different technological systems
2 and many varying data transport methods.

3 23. CoStar operates one of these real estate advertising portals, Homes.com. CoStar
4 also owns a licensed broker, Ten-X.

5 24. While Ten-X does have a California broker's license, Ten-X has not represented
6 any buyer or seller in any real estate transaction utilizing the CRMLS database, and as a result
7 Ten-X has not contributed in any way to the network effect for the benefit of CRMLS.

8 25. The Ten-X website describes Ten-X as a transaction technology company, not a real
9 estate broker representing buyers and sellers: "Ten-X is the #1 transaction technology powering
10 commercial real estate sales online. We've united with LoopNet to deliver the most expansive pool
11 of buyers and real-time asset intelligence powered by CoStar data. Together, we make transactions
12 twice as fast and twice as certain for brokers, owners, and investors." Ten-X is a technology
13 platform providing auction services, not brokerage services.

14 26. Part of the REcore licensing program was designed to mitigate the negative impacts
15 from advertising companies monetizing the listing records while providing no off-setting network
16 effect benefits to the MLS. Defendants' actions provide an excellent example of this free rider risk
17 and impact.

18 27. CoStar, through their ownership of a broker Ten-X (a firm that does not actually
19 provide any brokerage services to any buyer or seller using the CRMLS database), seeks to receive,
20 and then monetize for their own profit the full access to all the CRMLS listing records without
21 providing any corresponding network effect benefits to CRMLS. Defendants want to free ride on
22 all the work, efforts, expenses, costs and skills of CRMLS and its listing brokers without providing
23 any corresponding benefit back to these same brokers. Specifically, CoStar charges CRMLS
24 participants between \$500 -\$900 to "Boost" the visibility of their listings on Homes.com, using
25 CRMLS listing records.

26 28. The REcore licensing program mitigates the advertising company free rider risk
27 and harm by charging a monetization fee when a licensee uses the MLS listing records to generate
28 non-brokerage services, non-commission, or non-client based revenue. The REcore licensing

1 program will then pay the actual listing brokers that contributed for sale and closed sale
2 information to the CRMLS database as described above. CRMLS is then benefitted by creating an
3 incentive for listing brokers to use and pay for CRMLS services.

4 29. The CRMLS rules allow any licensed broker access to the full subscription based
5 CRMLS platform. There are no other qualifying requirements for a licensed broker, and any real
6 estate licensee whose individual state real estate license is hung with that broker also qualifies for
7 subscriber access to the full CRMLS platform. This access includes a robust suite of online tools
8 and listing data capabilities that permit full operation of a brokerage business without the need for
9 a separate data feed.

10 30. The CRMLS platform provides the users full access to every single CRMLS listing
11 record as well as the listing record of other MLS competitors to CRMLS that have agreed to share
12 their listing records with CRMLS in exchange for those other MLS users having access to the
13 CRMLS listing records. These data share agreements also include various opportunities for
14 CRMLS, and thereby REcore, to include these other data share MLS listing records in the various
15 data feeds made available to broker and agent licensees. These agreements increase the scope and
16 value of the licensed database and contribute to REcore's value.

17 31. The CRMLS listing platform includes listing input and listing editing functionality
18 for a broker that enters into a listing agreement with a seller. The CRMLS platform also includes
19 full access to a front-end search tool where the user can search the entire CRMLS database and
20 then display, print or send information to their customers or clients. The CRMLS platform also
21 includes the ability for the agents to save searches and have the CRMLS platform send any newly
22 entered listings directly to that agent and their customer. The platform also includes real estate
23 portal experiences where the agent can invite their client to engage directly with all the CRMLS
24 listing data directly where the client can conduct, save, and comment on specific listings. The
25 CRMLS platform also includes various additional products and services that assist agents in the
26 operation of their duties and responsibilities in providing brokerage services to their clients. All of
27 these CRMLS products, services, tools and features are accessible through the internet to both the
28 agents and their clients. There is no need or requirement, nor does CRMLS have any rules, that

1 require any in person or in office meetings to access any of the CRMLS listing records.

2 32. Any broker, and their agents can effectively operate a brokerage business and
3 represent their clients, and fully engage, copy and distribute CRMLS listing records through their
4 login to the CRMLS front end platform. This experience is separate and distinct from those brokers
5 that chose to enter into a separate license agreement with REcore to access these same CRMLS
6 listing records via a direct data feed outside of the subscription based front end CRMLS platform.

7 33. CRMLS currently has over 17,000 separate brokerage firms that have over 75,000
8 agents, all who have login credentials to access the CRMLS platform, yet less than 175 of these
9 brokers have entered into a license agreement to receive the same CRMLS listing records through
10 a REcore data feed. Having access to the listing records via a data feed is not necessary or required
11 to operate or provide brokerage services to clients. This small subset of firms generally uses the
12 feed for consumer-facing listing displays, internal tools, or automated valuation model
13 development—not for third-party ad revenue.

14 34. The majority of these 175 plus brokers that do have a separate data feed of CRMLS
15 listing records through a license with REcore use that data feed to display their own listings next
16 to other CRMLS cooperating brokerage listings on the brokers websites and mobile applications
17 in an effort to solicit new buyer and seller clients. The REcore license also permits these brokers
18 to use the CRMLS listing records to develop automated valuation models (AVM) that can be
19 shared with that brokerage firm's own customers and clients. Some brokers also use a direct data
20 feed to operate a brokerage back-office system that helps the broker in fulfilling their duties to
21 properly manage and supervise the agents under their care. Additionally, any brokerage firm can
22 receive a data feed of the listing records that they themselves have contributed to the MLS, and
23 can then use those specific CRMLS listing records to which they directly contributed in any way
24 that the contributing broker desires with virtually no limitations.

25 35. At several national real estate and MLS conferences throughout 2022 and 2023,
26 CRMLS Vice President and General Counsel met in person with CoStar representatives Andy
27 Wooley and Steven Barnes, who were operating Homes.com. Those representatives confirmed
28 that Homes.com viewed MLS data as valuable and expressly confirmed CoStar's intent to pay for

1 access to the MLS listing records for display on the Homes.com website. These representatives
2 made specific commitments that CoStar would “never become a broker” and “believed that real
3 estate portals should pay the MLS for access to the MLS listings.”

4 36. Defendants Ten-X and CoStar entered into the Participant Data License Agreement
5 with REcore. The License specifically limits display to Homes.com, prohibits derivative works,
6 and prohibits use of the CRMLS listing records for any purpose not directly related to the provision
7 of brokerage services. Section 2.1 of the Agreement makes clear that the license is granted solely
8 to enable the licensee to “provide Brokerage Services” and expressly states that the data may not
9 be used “for the development, training, or commercialization of artificial intelligence models,
10 algorithms, or other machine learning systems.” In addition, Section 4.7(h) reiterates this
11 prohibition, barring any use of CRMLS listing data in “machine learning or artificial intelligence
12 systems” under any circumstances.

13 37. Section 4.9 of the Participant Data License Agreement, titled *Data Access Fees*,
14 expressly incorporates and references the REcore Schedule of Fees. By executing the Agreement,
15 Defendants agreed to pay the Monetization Fee described in that Schedule whenever they
16 monetized CRMLS listing records through advertising, lead generation, or enhanced listing
17 displays. Defendants subsequently made several small partial payments under this framework,
18 thereby acknowledging both their awareness of the Schedule and their obligation to pay the
19 Monetization Fee as a condition of continued data access.

20 38. Throughout 2024 and the first half of 2025, based upon the publicly made
21 statements from Andy Florance, the CEO of CoStar, as well as numerous written articles and
22 investor relations material created by CoStar, traffic on Homes.com has greatly exceeded the
23 annual monetization maximum cap per the Agreement for both 2024 and 2025. Publicly available
24 data confirms Homes.com receives over 44 million monthly visits, with substantial CRMLS listing
25 traffic.

26 39. Starting in the summer of 2024, and continuing through early summer of 2025,
27 REcore through its Vice President Edward Zorn, had numerous verbal communications, including
28 multiple in person meetings with Andy Woolley and Steven Barnes, representatives of CoStar’s

1 Homes.com regarding the lack of payment from Defendants to REcore. Zorn repeatedly reminded
2 the CoStar representatives of the fact that in several past communications between these exact
3 same parties throughout 2022 and 2023 that CoStar and Homes.com had always represented that
4 the MLS listing records had value, and that real estate portal should pay fee to the MLS for access
5 to the listing records. In these conversations the CoStar representatives acknowledged that the
6 contract signed between REcore and Defendants included a monetization Fee Schedule,
7 acknowledged the amount due in the Fee Schedule, yet as of this filing Defendants still failed to
8 pay the fees to which they had agreed in writing.

9 40. Defendants have breached Section 4.9 by failing to pay the monetization fees that
10 are due consistent with the schedule of fees section of the Agreement.

11 41. Defendants make substantially all their revenue from the operation of Homes.com
12 from the sale of advertisements and charging CRMLS listing agents to “Boost” those listing agent’s
13 individual for sale properties on Homes.com.

14 42. Since becoming a member of CRMLS and being granted a login and password so
15 that Ten-X can access the complete CRMLS listing database to represent buyers or sellers, CRMLS
16 is informed and believes that Ten-X has not represented any buyer or seller in the CRMLS service
17 area utilizing the CRMLS database.

18 43. CRMLS is informed and believes that virtually all the revenue that the Defendants
19 have generated from activity in the CRMLS service area has come exclusively from their
20 advertising activities on Homes.com and “Boost” listing fees from their website, and that no
21 revenue has come through the generation of any commission income paid by a buyer or seller in
22 having Ten-X represent them in a real estate transaction in the CRMLS service area utilizing the
23 CRMLS database.

24 44. Section 2.1 of the License, titled *License to Brokerage and Brokerage Affiliates*,
25 grants access to CRMLS listing records solely for the purpose of enabling the licensee to “provide
26 Brokerage Services” within the CRMLS service area. Section 2.1 further provides that the
27 Licensed Data “may not be used for any purpose other than to support [the licensee’s] performance
28 of brokerage services.”

1 45. CRMLS is informed and believes that Defendants breached Section 2.1 by using
2 the CRMLS listing records outside of the designated Homes.com display which was the only
3 location for which Defendants had a license to utilize the CRMLS listing records.

4 46. Specifically, Defendants created derivative works by copying and repurposing the
5 CRMLS listing records and then copying, using and displaying the contents and actual listing
6 records in printed marketing material that was then sent to sellers of the listed properties to entice
7 those sellers to spend between \$500 and \$900 to “Boost” their listing display on the Homes.com
8 website. The breach of the limited license provided to Defendants included the use of the
9 photographs and media that was included in the CRMLS listing record, in addition to specific
10 portions of the listing record itself, including the text of property descriptions. Defendants did not
11 seek or obtain permission from CRMLS, the listing brokers, or copyright holders to repurpose the
12 listing content in printed advertising.

13 47. Section 2.2 of the License, titled *License to Vendor*, grants Defendants a limited
14 license to display CRMLS listing records solely in accordance with the CRMLS Rules and
15 Policies, including but not limited to Rule 19.2. Section 2.2 prohibits copying, creating derivative
16 works from, or otherwise using the listing records beyond the scope of that limited license.

17 48. Defendants breached Section 2.2 by copying and repurposing CRMLS listing
18 records—including photographs, property details, and agent information—to create and distribute
19 printed marketing flyers and unsolicited mailers. These materials were directed to homeowners
20 whose properties were listed by CRMLS member brokers, and promoted the Homes.com Boost
21 advertising program.

22 49. These derivative works, created from CRMLS data, were not permitted by the
23 License and exceeded the limited display rights granted under Section 2.2. The use of listing
24 records in print materials violated the restriction against off-platform and unauthorized derivative
25 use, and directly contravened the IDX compliance requirement under CRMLS Rule 19.2, which
26 limits permitted display formats and prohibits such printed solicitations

27 50. Section 2.4 of the License, titled *License Restrictions*, prohibits any use of the
28 CRMLS listing records that is not expressly authorized by the License or by CRMLS. It further

incorporates the CRMLS Rules and Policies, which limit how data may be used by licensees. Section 2.4 states in part that “Vendor shall not, and shall not permit any third party to, use the Licensed Data in any manner not expressly permitted by this Agreement.” By executing the License, Defendants agreed to abide by these restrictions and to comply with all applicable CRMLS Rules.

51. Defendants breached Section 2.4 by using CRMLS listing records in ways that were never authorized under the License or permitted by CRMLS. Specifically, Defendants extracted listing content from the licensed data feed and used it to create off-platform marketing materials—including unsolicited printed advertisements promoting Homes.com’s Boost program. These activities were not only unauthorized under the License, but directly violated multiple CRMLS rules incorporated into the License via Sections 1.3 and 5.1.

52. The specific CRMLS rules violated by Defendants’ conduct include, but are not limited to:

- 53. Rule 11.5 (prohibiting unauthorized reproduction or display of listing content);
 - 54. Rule 11.6 (governing intellectual property use and attribution);
 - 55. Rule 12.4 (restricting advertising of other brokers’ listings);
 - 56. Rule 12.8 (prohibiting misleading or deceptive advertising);
 - 57. Rule 12.10 (requiring compliance with all advertising regulations);
 - 58. Rule 12.11 (restricting distribution of MLS information to authorized persons);
 - 59. Rule 12.15 (prohibiting solicitation of listing brokers’ clients based on MLS data);
- and
- 60. Rule 19.2 (defining the limitations and format of IDX display and prohibiting off-platform distribution).

61. These cumulative violations exceed the scope of the limited license granted under Section 2.4 and constitute a material breach of the License Agreement.

62. Section 4.3 of the License, titled “*Use Locations*,” limits the display of CRMLS listing data to the Homes.com website and prohibits use on any other platform or medium. It states in part that “Vendor shall not display the Licensed Data on any website or application other than

1 the Use Location(s) specified in the applicable Schedule of Fees.” Defendants also agreed to
2 comply with CRMLS Rule 19.2, which governs Internet Data Exchange (“IDX”) display and
3 prohibits use outside the authorized website.

4 63. Defendants breached Section 4.3 by copying and using specific MLS listing records
5 in printed marketing that was then distributed to various sellers whose real estate brokers were
6 members of CRMLS and had listed their properties in the CRMLS system. This off-platform use
7 of CRMLS data in printed advertisements exceeded the licensed display location and violated the
8 IDX policy incorporated into the License.

9 64. Section 4.7 of the License, titled “*Warranties and Other Restrictions*,” prohibits
10 unauthorized use of CRMLS listing records and requires the Vendor to obtain all necessary rights
11 from third parties before displaying or reproducing listing content, including photographs and
12 media. It also restricts the use of listing data to the provision of brokerage services and prohibits
13 any use for artificial intelligence or machine learning purposes, as detailed in subparagraph (h).

14 65. Defendants breached paragraph 4.7 by failing to obtain the necessary intellectual
15 property rights--including permission from copyright holders that were the takers or assignees of
16 the photographs of these specific listing records--that they copied, used, and displayed in written
17 marketing materials and then sent to the sellers that had listing agreements with CRMLS users. By
18 violating the intellectual property rights of third-parties, Defendants have exposed CRMLS and
19 REcore to potential liability for intellectual property or copyright infringement claims by third
20 parties.

21 66. Defendants further breached Section 4.7(h), which expressly prohibits “use of the
22 Licensed Data in machine learning or artificial intelligence systems.” Andy Florance, CEO of
23 CoStar and Homes.com, has publicly stated on the main stage at multiple real estate conferences
24 that Defendants have been using the latest artificial intelligence systems to enhance and improve
25 the consumer and user experiences on Homes.com. As recent as October 2025, CoStar and
26 Homes.com announced to the public through an industry publication that they have launched
27 “Smart Search” with artificial intelligence to allow consumers to search listing records. The use
28 of CRMLS listing records in any machine learning systems or for the use or training of any

1 artificial intelligence is specifically prohibited and Defendants' actions are a direct violation of
2 subparagraph (h).

3 67. Defendants further breached paragraph 4.7 *Warranties and Other Restrictions*.
4 Defendants agreed in this Section that the usage of the CRMLS data and CRMLS listing records
5 would only be used for the provision of brokerage services. Instead of representing buyers and
6 sellers in real estate transactions as a broker, Defendants have generated significant and substantial
7 revenue by charging other CRMLS users' money to "Boost" or otherwise enhance the paying
8 CRMLS user's individual MLS listing records on Homes.com. Defendants are using MLS data to
9 make money from real estate brokers and agents, rather than providing brokerage services to
10 buyers or sellers of California real estate.

11 68. Section 4.8 of the License, titled "*Derivative Works*," prohibits the creation of
12 derivative works from CRMLS listing records, except as expressly authorized by the License. The
13 section provides that "Vendor shall not, and shall not permit any third party to, create derivative
14 works of the Licensed Data except as expressly permitted under this Agreement." The License
15 permits only IDX-compliant display on the Homes.com website or mobile application and does
16 not authorize any offline, printed, or repurposed uses.

17 69. Defendants have breached Section 4.8, titled *Derivative Works*. As set forth above
18 in detail, Defendants did in fact create and make derivative work from the licensed MLS data when
19 the uses of the licensed MLS data were expressly limited to being IDX compliant displays only on
20 the Homes.com website or mobile application.

21 IV.

22 FIRST CAUSE OF ACTION

23 *(Breach of Contract – Failure to Pay Monetization Fee; Against All Defendants)*

24 70. Plaintiff incorporates all prior paragraphs as though fully set forth herein.

25 71. Defendants entered into a written Participant Data License Agreement with
26 Plaintiff REcore, signed December 8, 2023, and becoming effective on January 1, 2024.

27 72. Plaintiff has performed all conditions, covenants, and obligations required of it
28 under the License Agreement, or such conditions have occurred or been excused.

73. Under the Agreement, Defendants were obligated to pay a Monetization Fee of \$0.02 per listing detail page view, capped at \$500,000 annually, when displaying CRMLS listing records on Homes.com if monetized through advertising or Boost enhancements on Homes.com. This obligation is further detailed in the REcore Schedule of Fees, which is expressly incorporated into the License Agreement.

74. Defendants triggered their obligation to pay the Monetization Fee by displaying CRMLS listing records on Homes.com in connection with revenue-generating activities, including paid Boost listings. This usage is evidenced by publicly available web traffic data and CoStar's own marketing materials soliciting payment from CRMLS participants for enhanced listing visibility.

75. Defendants failed to pay the required fees. Only \$75,000 was paid in 2024 and \$37,500 in 2025. The total amount owed in each year under the Agreement was \$500,000.

76. Defendants' failure to pay constitutes a material breach.

77. Plaintiff has been damaged in an amount not less than \$887,500.

78. Plaintiff is entitled to recover attorneys' fees pursuant to Section 12.5 of the License or as otherwise authorized under California law.

V.

SECOND CAUSE OF ACTION

(Breach of Contract – Unauthorized Derivative Use in Boost Flyers; Against All Defendants)

79. Plaintiff incorporates all prior paragraphs as though fully set forth herein.

80. Plaintiff has performed all conditions, covenants, and obligations required of it under the License Agreement, or such conditions have occurred or been excused.

81. The License Agreement prohibits the creation or use of derivative works based on CRMLS listing records and limits use to IDX-compliant displays on Homes.com, as governed by CRMLS Rule 19.2 and License provisions including Sections 2.1, 4.3, and 4.7.

82. Defendants used CRMLS listing records—including photographs, agent names, and property descriptions—to create printed marketing materials that were mailed to California property owners in connection with their Boost advertising program.

83. These mailers constitute unauthorized derivative works and were not approved by CRMLS or permitted under the License Agreement. This conduct breached multiple provisions of the Agreement, including: Section 2.1 (limiting use to provision of Brokerage Services); Section 4.3 (*Use Locations*); Section 4.7 (*Warranties and Restrictions*, prohibiting derivative use), and Section 4.8 (prohibiting use for unauthorized marketing).

84. As a direct result of Defendants' breach, Plaintiff has been damaged in an amount to be proven at trial.

85. Plaintiff is entitled to recover attorneys' fees pursuant to Section 12.5 of the License or as otherwise authorized under California law.

VI.

THIRD CAUSE OF ACTION

(Breach of Contract – Use Outside Licensed Location; Against All Defendants)

86. Plaintiff incorporates all prior paragraphs as though fully set forth herein.

87. Plaintiff has performed all conditions, covenants, and obligations required of it under the License Agreement, or such conditions have occurred or been excused.

88. The License Agreement, including but not limited to Section 4.3, expressly limits Defendants' use of CRMLS listing records to display on the Homes.com website and prohibits use in print media, off-platform advertising, or in any location not expressly authorized in writing by REcore.

89. As set forth above, Defendants used CRMLS data in printed marketing flyers, off-platform advertisements, including direct mail solicitations to listing property owners, and on other non-Homes.com websites and applications, in breach of these restrictions.

90. This conduct also violated additional provisions of the License Agreement, including: Section 2.1 (limiting use to the provision of Brokerage Services); Section 2.4 (restricting sublicensing and unauthorized use); and CRMLS Rule 19.2 (restricting IDX display to compliant websites).

91. As a direct result of Defendants' breach, Plaintiff has been damaged thereby in an amount to be proven at trial.

92. Plaintiff is entitled to recover attorneys' fees pursuant to Section 12.5 of the License or as otherwise authorized under California law.

VII.

FOURTH CAUSE OF ACTION

(Breach of Contract – Unauthorized Use in AI/Machine Learning; Against All Defendants)

93. Plaintiff incorporates all prior paragraphs as though fully set forth herein.

94. Plaintiff has performed all conditions, covenants, and obligations required of it under the License Agreement, or such conditions have occurred or been excused.

95. The License Agreement, including but not limited to Section 2.1 and Paragraph 4.7(h), prohibits Defendants from using CRMLS listing data for the development, training, or commercialization of artificial intelligence models, machine learning systems, or any automated algorithmic tools not directly related to the provision of brokerage services.

96. These provisions make clear that CRMLS listing records may be used only in connection with Defendants' performance of brokerage services, and not for back-end data processing, AI training, or user personalization or marketing systems.

97. On multiple occasions in 2024 and 2025, including at investor presentations and real estate industry conferences, CoStar Group’s CEO publicly stated that Homes.com uses artificial intelligence and machine learning technologies to optimize search results, consumer experience, and site functionality.

98. Plaintiff is informed and believes, and thereon alleges, that CRMLS listing data was used by Defendants in whole or in part to train, enhance, or operate such systems in direct violation of the License Agreement's express restrictions.

99. Defendants' conduct constitutes a material breach of the License.

100. As a result of this breach, Plaintiff has been damaged in an amount to be proven at trial, but in no event less than the jurisdictional minimum of this Court. Plaintiff's damages include, without limitation, the reasonable value of the unauthorized use of CRMLS listing data and any economic benefit Defendants derived from their AI-related use..

101. Plaintiff is entitled to recover attorneys' fees pursuant to Section 12.5 of the License

or as otherwise authorized under California law.

VIII.

FIFTH CAUSE OF ACTION

(Declaratory Relief – Termination and Fee Obligations; Against All Defendants)

102. Plaintiff incorporates all prior paragraphs as though fully set forth herein.

103. Plaintiff has performed all conditions, covenants, and obligations required of it under the License Agreement, or such conditions have occurred or been excused.

104. An actual, present controversy exists between the parties concerning their respective rights and duties under the Participant Data License Agreement, including the validity of Plaintiff's termination, the scope of Defendants' continuing obligations, and the amount of unpaid fees owed.

105. Plaintiff contends, and is informed and believes that Defendants dispute, the following:

- a. Defendants violated the terms of the License Agreement by failing to pay the Monetization Fee and unauthorized use of CRMLS listing records, which allows Plaintiff to terminate the Agreement;
- b. Defendants owe Plaintiff no less than \$887,500 for the 2024 and 2025 calendar years;
- c. As of August 31, 2025, the termination date, Defendants are no longer authorized to access, retain, use, or display CRMLS listing records; and
- d. No waiver, estoppel, or course of dealing excuses Defendants' performance or reinstates the License.

106. Defendants dispute these contentions and continue to assert rights under the License Agreement while failing to make full payment.

107. A judicial declaration is necessary and appropriate at this time to resolve the parties' dispute and to confirm Plaintiff's rights and Defendants' obligations under the agreement.

108. Plaintiff therefore seeks a judicial declaration of the parties' respective rights and obligations, including but not limited to a declaration that:

- a. Defendants violated the terms of the License Agreement and Plaintiff may terminate the Participant Data License;
- b. Defendants owe not less than \$500,000 under the License;
- c. As of August 31, 2025, Defendants are no longer authorized to access, retain, use, or display CRMLS listing data; and
- d. Plaintiff is entitled to recover its attorneys' fees and costs incurred in enforcing the License, pursuant to Section 12.5 or as otherwise authorized by law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment against all Defendants, including DOES 1 through 20, as follows:

1. For compensatory damages resulting from Defendants' failure to pay the Monetization Fee, in an amount not less than \$500,000;
2. For damages resulting from Defendants' unauthorized use of CRMLS listing data in artificial intelligence and machine learning systems, in an amount to be proven at trial, but not less than the jurisdictional minimum of this Court;
3. For a judicial declaration that:
 - a. Plaintiff may validly terminate the Participant Data License based on Defendants' material breaches;
 - b. Defendants owe Plaintiff not less than \$887,500 in Monetization Fees under the License for calendar years 2024 and 2025;
 - c. Defendants are no longer authorized to access, retain, use, or display CRMLS listing data in any form; and
 - d. No waiver, estoppel, or course of dealing excuses Defendants' nonperformance or reinstates their rights under the License;
4. For costs of suit incurred herein;
5. For reasonable attorneys' fees pursuant to Section 12.5 of the License or as otherwise authorized by law;

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6. For such other and further relief as the Court deems just and proper.

STREAM KIM HICKS WRAGE & ALFARO, PC

By: 
Robert J. Hicks
Krystal N. Lyons
Attorneys for Plaintiff,
RECORE SOLUTIONS, LLC, a Delaware
limited liability company

Dated: October 21, 2025