



LoopNet Announces Significant Legal Victory in Lawsuit Against CoStar Group

-- Ruling Reaffirms LoopNet's Right to Enforce Terms of Use Against CoStar Group ---- Documents Made Public By The Court And Cross Examination Reveal CoStar's Efforts To Systematically Take LoopNet Customer Data ---- CoStar CEO's Contract Interpretation Held "Unreasonable"--

SAN FRANCISCO, Jul 23, 2009 (BUSINESS WIRE) -- LoopNet, Inc. (NASDAQ: LOOP), which operates the largest online [commercial real estate marketplace](http://www.loopnet.com), announced today a significant legal victory against CoStar Group. The California Superior Court denied CoStar's Motion for Preliminary Injunction, it confirmed LoopNet's right to enforce its Terms of Use against CoStar, it rejected as "unreasonable" CoStar's CEO's interpretation of the parties' 2005 Settlement and it rejected as completely unsubstantiated CoStar's claim it was somehow harmed when it was not able to engage in unfettered data mining from LoopNet's website. We encourage all interested parties to review the court's ruling, which is available at http://www.loopnet.com/litigation/CoStar_PI_Motion_Denied_6Jul2009.pdf.

The Court's ruling, which followed a two-day hearing during which the Court heard live testimony from LoopNet's CEO and CoStar's CEO, arose from a data mining project launched by CoStar against LoopNet's website in February 2009. The undisputed evidence established that during the data mining project, CoStar management directed as many as several hundred of CoStar employees and foreign contractors to run tens of thousands of searches on the LoopNet website for the stated purpose of "identifying advertisers and then determining how many listings they have" and to use this information for potential "sales and marketing uses," such as advertising. This competitive data mining effort was a violation of LoopNet's Terms of Use which prohibit the use of LoopNet listings and data for a competitive service.

Contrary to recent public statements by CoStar Group, CoStar previously agreed to prohibit its employees from violating LoopNet's Terms of Use, which prohibit a competitor from copying or using data taken from the LoopNet website. In response to LoopNet's lawsuit seeking to stop CoStar's unlawful copying and use, filed in November 2007, CoStar initially denied that it was copying data from LoopNet. However, CoStar was forced to admit that in reality it was in fact copying data from LoopNet after hundreds of its employees were caught in the act in February.

Incredibly, CoStar sought to have the court authorize its unlawful data mining activity. CoStar's motion for a preliminary injunction sought to prevent LoopNet from enforcing its Terms of Use against CoStar so that CoStar could engage in unfettered copying and use of LoopNet listing and customer data. CoStar advanced this argument even though in 2005 CoStar had explicitly agreed it would adopt a corporate policy prohibiting all CoStar's employees from violating LoopNet's Terms of Use. CoStar agreed to prohibit violations of LoopNet's Terms of Use to settle a 2005 lawsuit brought by LoopNet to stop CoStar's systematic copying and use of LoopNet data in violation of LoopNet's Terms of Use.

During the hearing, CoStar articulated the bizarre position that the 2005 Settlement enabled it to violate LoopNet's Terms of Use, so long as it did so in the non-password protected areas of the LoopNet website. CoStar's CEO testified that under his "interpretation" of the 2005 Settlement, each party had unfettered use of the non-password protected areas of the other's website, even going so far as to say it would be permissible for one company to run searches on the other's website that reduced the performance of that website to "zero." In denying CoStar's motion, the Court specifically noted that CoStar CEO "Florance's understanding of the [2005] settlement agreement...is unreasonable." The court's ruling affirms LoopNet's right to enforce its standard Terms of Use against CoStar.

CoStar's position that it can engage in unfettered copying from LoopNet.com in violation of LoopNet's Terms of Use was not only rejected by the Court as "unreasonable," it is contrary to CoStar's own public policy that it is "piracy" for any person to exceed the scope of permitted use or to use its data for a competing service.

During the hearing, the court unsealed numerous internal documents that highlight the business practices of CoStar Group that are examples of what CoStar would define as "piracy" when it comes to its own website and data. LoopNet is making these documents available at http://www.loopnet.com/litigation/costar_business_practices.pdf. Among the revelations in the released documents:

- CoStar's data mining project was specifically designed to extract tens of thousands of LoopNet customers' contact data, amounting to over 18,000 customer records, to use for CoStar's marketing efforts.
- To covertly continue its unlawful data mining and circumvent LoopNet's usage limits, CoStar used offshore contractors, web proxy servers, anonymizing software and wireless internet access stolen from neighbors of CoStar employees.

Additional information about LoopNet's litigation against CoStar Group, including copies of the recently unsealed court documents, is available at <http://www.LoopNet.com/litigation>.

About LoopNet

LoopNet, Inc. is the leading online marketplace for commercial real estate and businesses for sale in the United States. The LoopNet.com online marketplace enables commercial real estate agents, working on behalf of property owners and landlords, to list properties for sale or for lease by submitting detailed property listing information in order to find a buyer or tenant. Commercial real estate brokers, agents, buyers and tenants use the LoopNet online marketplace to search for available property listings that meet their commercial real estate criteria. By connecting the sources of commercial real estate supply and demand in an efficient manner, LoopNet enables commercial real estate participants to initiate and complete transactions more cost-effectively. LoopNet also delivers technology and information services to commercial real estate organizations to manage their online listing presence and optimize property marketing.

LoopNet customers include virtually all of the top commercial real estate firms in the U.S., including CB Richard Ellis, Century 21 Commercial, Coldwell Banker Commercial, Colliers International, The CORE Network, Cushman & Wakefield, First Industrial Realty Trust, Grubb & Ellis, Jones Lang LaSalle, Lee & Associates, Lincoln Property Company, Marcus & Millichap, NAI Global, ONCOR International, ProLogis, Prudential CRES, RE/MAX, Sperry Van Ness, Staubach Retail and TCN Worldwide.

Forward-Looking Statements

This release contains forward-looking statements regarding LoopNet's expectations regarding legal actions and lawsuits currently proceeding. These statements are based on current information and expectations that are subject to change and may involve a number of risks and uncertainties. Actual events or results might differ materially from those in such forward-looking statements due to various factors, including, but not limited to LoopNet's ability to successfully defend itself from claims and support its own claims, the potential for adverse legal rulings and the potential for additional adverse legal actions. LoopNet does not currently intend to update the statements set forth herein, except as may be required by law or otherwise.

Additional information concerning factors that could cause actual events or results to differ materially from those in any forward-looking statement is contained in our filings with the Securities and Exchange Commission (SEC). Copies of filings made by us with the SEC are available on the SEC's website or at <http://investor.LoopNet.com/sec.cfm>. LoopNet does not intend to update the forward-looking statements included in this press release that are based on information available to us as of the date of this release.

SOURCE: LoopNet, Inc.

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