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CASE NUMBER: 14-2-07669-0 SEA

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THE HONORABLE BARBARA LINDE

SUPERIOR COURT OF THE STATE OF WASHINGTON
FOR KING COUNTY

MOVE, INC., a Delaware corporation,
REALSELECT, INC., a Delaware
corporation, TOP PRODUCERS
SYSTEMS COMPANY, a British
Columbia unlimited liability company,
NATIONAL ASSOCIATION OF
REALTORS®, an Illinois non-profit
corporation, and REALTORS®
INFORMATION NETWORK, INC., an
Illinois corporation,

Plaintiffs,

v.

ZILLOW, INC., a Washington corporation,
ERROL SAMUELSON, an individual, and
DOES 1-20,

Defendants.

No. 14-2-07669-0

DECLARATION OF SPENCER RASCOFF
IN SUPPORT OF ZILLOW'S OPPOSITION
TO PLAINTIFF'S MOTION FOR
PRELIMINARY INJUNCTION

SPENCER RASCOFF hereby declares as follows:

1. I am Chief Executive Officer of defendant Zillow, Inc. ("Zillow"). I am
competent to make this declaration based upon my personal knowledge.

DECL./RASCOFF IN SUP. OF ZILLOW'S
OPP. TO PLTFS. MTN. FOR PRELIM. INJ. -

Perkins Coie LLP
1201 Third Avenue, Suite 4900
Seattle, WA 98101-3099
Phone: 206.359.8000
Fax: 206.359.9000

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2 2. I have served as Zillow's Chief Executive Officer since September 2010 and
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4 as a member of our board of directors since July 2011. I joined Zillow as one of its
5
6 founding employees in 2005 as Vice President of Marketing and Chief Financial Officer and
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8 served as Zillow's Chief Operating Officer from December 2008 until I was promoted to
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10 Chief Executive Officer.

11 3. Zillow operates the leading real estate and home-related marketplaces on
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13 mobile and the Web, with a complementary portfolio of brands and products that help
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15 people find vital information about homes, and connect with the best local
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17 professionals. We maintain an unwavering focus on consumers and leverage our industry
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19 independence to enhance existing products and services and develop new offerings with
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21 broad consumer appeal. Zillow's brands serve the full lifecycle of owning and living in a
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23 home: buying, selling, renting, financing, remodeling and more. In addition, Zillow offers a
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25 suite of tools and services to help local real estate, mortgage, rental and home improvement
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27 professionals manage and market their businesses.

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29 4. Zillow provides comprehensive for sale and rental listings through
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31 relationships with real estate brokerages, apartment management companies, home builders
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33 and other third-parties. In addition, Zillow provides consumers with access to exclusive
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35 home listings, such as our Make Me Move listings, which are a homeowner's posted price at
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37 which they would be willing to move. Zillow also shows listings that may not be available
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39 on other sources, such as for sale by owner, pre-market inventory and rental listings.

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41 5. On March 5, 2014, Zillow entered into an agreement with Errol Samuelson to
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43 join Zillow in the new position of Chief Industry Development Officer to lead Zillow's real
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45 estate industry relations strategy and report directly to me. As Zillow's Chief Industry
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2 Development Officer, Errol is responsible for building and strengthening Zillow's
3 relationships with brokerages, franchisors, MLSs and trade associations around the country.
4 Zillow relies on these relationships to provide our comprehensive for sale and rental listings
5 that appear on our mobile applications and web sites. Errol also has executive oversight for
6 Zillow's real estate business-to-business products and tools, including Diverse Solutions,
7 AgentFolio and our customer relationship management (CRM) product which we provide to
8 real estate agents that subscribe to our advertising product at no charge (or at a very low
9 cost, e.g., \$10/month).

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17 6. During the process of considering whether to hire Errol, we had him
18 interview with Zillow's executive management team. This was in keeping with our ordinary
19 process of making sure that a prospective employee, especially a candidate for a senior
20 management position, would not only be well-qualified but also would be a good "cultural
21 fit" at Zillow. Of course, we had known Errol for years and admired his leadership as well as
22 his perspective and approach in advocating on behalf of the real estate industry to embrace
23 and leverage evolving technology and times, but we still thought it would be critical to have
24 him interview with our executive management team. No trade secrets or confidential
25 information were requested, disclosed or exchanged during those conversations.

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36 7. During the interview process and since our hiring of Errol, we have been
37 scrupulously careful to avoid even inadvertently obtaining any confidential information he
38 may have about his former employer, Move, Inc. (Move), or the National Association of
39 Realtors (NAR). In particular, we made it clear to him that Zillow wants him to live up to
40 his responsibilities and obligations to Move and NAR. We told him not to bring any
41 property, data, or information from Move or NAR. We also told him that, in his work for
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2 Zillow, he must not use or disclose any of Move's or NAR's confidential or proprietary
3 information or trade secrets (or any other information he may have that is subject to a
4 confidentiality obligation). We emphasized that we did not want him to solicit or encourage
5 any employee, customer or vendor of Move to terminate their relationships with Move. We
6 have not asked, and will not in the future ask, him to disclose or use Move's or NAR's
7 confidential or proprietary information or trade secrets. There is no need for him to use any
8 of that information in the course of carrying out his responsibilities at Zillow.
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16 8. Zillow has received no information from Errol about Move's or NAR's
17 business activities, much less any of their confidential information or trade secrets.
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20 9. Zillow determined to issue the press release announcing its agreement with
21 Errol to join Zillow following the close of the stock market on the date of the entry into the
22 agreement. I understand that representatives of Move requested a 24-hour delay of the
23 public announcement; however, given that both Zillow and Move are public companies, we
24 were concerned that any delays in the announcement may lead to a leak of the information
25 which could adversely impact both parties, especially if such leak occurred during market
26 hours.
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34 10. I have an entirely different view about the claims of competition advanced in
35 the declarations filed by the plaintiffs to support their motion for a preliminary injunction.
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38 11. First, with regard to Move's industry relations and listings strategy, Move
39 does not really have a listings acquisition strategy. Move receives listings directly from
40 MLSs, and to my knowledge has acquired for sale listings data in this way since it entered
41 into its partnership relationship with NAR almost twenty years ago. NAR exclusively
42 endorses the website operated by Move, Realtor.com, and actively encourages MLSs to
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2 provide their listings to Move. In short, Move gets listings because it operates the official
3 website of the National Association of REALTORS, the trade association that lobbies on
4 behalf of its member REALTORS and which is the actual owners of the website
5 www.realtor.com. There is no need for Move to acquire listings from the industry because
6 they are simply given to them by virtue of the fact that Move operates NAR's website, and
7 NAR controls the MLSs who control the listings. In contrast, Zillow obtains listings
8 through its bespoke relationships with real estate agents, brokers and MLSs. It is not
9 possible for us to use Errol to adopt Move's industry relations or listings strategy because
10 we do not have a partnership with NAR, nor do we operate their website on their behalf.
11 Instead, Zillow's industry relations and listing strategy will rely on Errol educating the
12 industry about the benefits Zillow provides to real estate sellers and buyers, and as a result,
13 to industry participants. Errol will help to facilitate existing relationships that we have with
14 real estate agents, brokers and MLSs. This is hardly a new strategy for Zillow; we have
15 discussed it publicly for years while attending industry conferences (often appearing on the
16 same stage with Errol or other representatives from Move). Further, we already have a
17 Zillow Pro for Brokers program in place with more than 200 participating real estate
18 brokerages that provides for improved listings accuracy, better reporting, a follow-up
19 system, and increases the visibility of listings agents for participating brokers.

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12. Second, with regard to the ListHub relationship, Zillow did not hire Errol for
the purpose of negotiating more favorable terms with ListHub; nor would Errol need to use
or disclose any trade secrets or confidential information of Move in the negotiation of any
renewal of the ListHub agreement (a copy of which is filed with the SEC and publicly
available). The agreement between ListHub and Zillow is not up for renewal for over

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2 twelve months from now, so any negotiation strategy ListHub/Move may have already
3 contemplated will more than likely be stale by the time the parties engage in renewal
4 discussions. Further, the agreement between ListHub and our principal competitor, Trulia,
5 Inc., (entered into in June 2012) is also publicly available, so the negotiation approaches that
6 ListHub/Move has taken with other industry participants is public knowledge in the industry
7 and the broader public.
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14 13. Third, with regard to Errol's oversight of Zillow's real estate business-to-
15 business products and tools, Zillow has 5 years of business planning on such pro tools, and
16 we are not launching new tools based on Errol being employed at Zillow. In addition,
17 Zillow's strategy regarding our business-to-business products and tools does not compete
18 with Move's strategy. We do not sell a pro tools or CRM product so there is no conflict.
19 We use a fundamentally different model through the Zillow Tech Connect program by
20 embracing an open platform where other technology companies with contact management
21 and marketing software can integrate their systems for the brokers and agents that use
22 Zillow's advertising products. Move has a CRM product called Top Producer that it sells to
23 real estate professionals but, as noted above, this is a fundamentally different approach than
24 what we have embraced for our strategy regarding our business-to-business products and
25 tools. In fact, Move's CEO and CFO are well aware of Zillow's radically different strategy
26 than Move's with respect to real estate professional software, and frequently cite this
27 significant difference publicly. Therefore, Errol will not need to use or disclose any of
28 Move's trade secrets or confidential information in order to carry out his oversight of pro-
29 tools/CRM at Zillow. Zillow thinks Move's strategy is fundamentally flawed – and we have
30 repeatedly said so publicly – so we will not endeavor to copy it, with or without Errol's help.
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2 I would also like to point out that Move, itself, does not consider Zillow to be a
3 competitor in this area. That is demonstrated by the fact that Move does not even identify
4 Zillow as a competitor in its most recent Annual Report on Form 10-K, filed with the United
5 States Securities and Exchange Commission filed on February 18, 2014. Reproduced below
6 is the relevant "Competition" section from Move's most recent Annual Report, with the
7 excerpt regarding competition for its Software and Services products highlighted:
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13 *"COMPETITION*

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15 *Realtor.com® competes in a highly fragmented and highly complex*
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17 *local real estate marketplace. We believe the winner in this market will effectively*
18 *balance the needs and wants of both consumers and real estate professionals, which*
19 *we believe realtor.com® is uniquely positioned to do. Further, as consumers*
20 *increasingly rely on the Internet and mobile devices for real estate information, we*
21 *believe that advertising dollars in this marketplace will continue to move online and*
22 *that we will benefit from this trend. We compete to attract a sizable and engaged*
23 *consumer audience interested in the real estate content and information provided*
24 *through our web site and mobile applications, and we compete to attract real estate*
25 *professionals and non-real estate related advertisers interested in connecting with*
26 *those consumers. There are a variety of national and local companies, including*
27 *both online and offline offerings, that compete for a consumer audience and for*
28 *advertising spend within the real estate value chain.*
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41 *Our primary competition within realtor.com® falls into two general*
42 *categories: (i) online real estate media companies; and (ii) offline advertising*
43 *offerings including newspaper classifieds, direct mail and other traditional offline*
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media. While we do not provide significant offline advertising offerings, we view the companies in this space as competitors for available advertising spend by real estate professionals and non-real estate-related advertisers. Competitors in the online space include Classified Ventures, LLC (operator of HomeGain.com), Dominion Enterprises (operator of Homes.com), Google Inc., Market Leader, Inc. (a subsidiary of Trulia, Inc.), Redfin, Homefinder.com LLC, ZipRealty Inc., Trulia Inc., Zillow, Inc. (operator of the Yahoo!-Zillow Real Estate Network) and others. Competitors in the offline space include major local newspapers such as the Tribune Company and the Gannett Company, as well as a multitude of local print, direct mail, radio and other traditional offline media.

The barriers to entry for web-based services and businesses are low. We believe we would have a distinct advantage for some time over emerging or growing online businesses, given the breadth, depth and accuracy of our content, and given the resulting consumer audience we attract and real estate professional relationships we have built. However, we may not be able to maintain that advantage, and existing or future competitors could create other products and services that could be more attractive to consumers and real estate professionals than our products and services.

Our Software and Services products, including Top Producer®, TigerLead® and ListHub™, face competition from Market Leader (owned and operated by Trulia, Inc.), CoreLogic's Residential Real Estate productivity tools, Real Estate Digital ("RED"), ALa Mode, Inc. and Fidelity National Information Solutions, Inc., which offer competing solutions to real estate professionals. Top Producer® also competes with horizontal customer relationship management

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2 offerings such as Microsoft Corporation's Outlook solution, Best Software Inc.'s
3 ACT! solution, FrontRange Solution, Inc.'s Goldmine product, and Salesforce.com.
4 TigerLead® also competes with lead generation and management product offerings
5 such as BoomTown!, Zurple, Inc., Commissions Inc., and IDX Broker. Certain online
6 media companies such as Classified Ventures, LLC and Market Leader, Inc. are
7 providing drip marketing solutions that incorporate aspects of lead management,
8 which over time could pose a competitive threat to Top Producer® or TigerLead®.
9 ListHub™ also competes with Point2 Internet Systems Inc., which is also a listing
10 syndicator.
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Our Rentals products compete with Classified Ventures LLC (operator of Apartments.com and ApartmentHomeLiving.com), Dominion Enterprises (operator of ForRent.com), Network Communications Inc. (operator of ApartmentFinder.com), Primedia Inc. (operator of ApartmentGuide.com, Rentals.com and RentalHouses.com) and Viva Group, Inc. (an eBay company and operator of Rent.com). The Rentals products also compete with offline apartment guide publishers such as Classified Ventures, Inc., Primedia Inc. and Network Communications, Inc.

Our Senior Housing product competes with other web sites that offer comparable products, such as A Place for Mom, Inc., Caring.com and Dominion Enterprises (operator of SeniorOutlook.com).

Our Moving.com™ product competes with other web sites that offer comparable products, such as USAmovingcompanies.com, movingestimates.com, and 123movers.com.

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See "Risk Factors—Risks Related to our Business" for additional discussion of factors relating to our competition.

It follows that, if Move does not view Zillow as a competitor to its software and services products because their strategy is extremely divergent from our strategy, then there is clearly no risk in Errol using or disclosing any of Move's trade secrets or confidential information in order to carry out his oversight of Zillow's business-to-business products and tools.

14. Fourth, with regard to potential mergers and/or acquisitions (M&A), Errol will not be responsible for overseeing M&A or reviewing potential acquisition targets on behalf of Zillow. Our M&A team is ran by me, a former M&A investment banker at Goldman, Sachs & Co., and Kathleen Philips, our Chief Operating Officer, who has over fifteen years of experience overseeing M&A deals as an attorney. Even if Errol has knowledge of companies that Move targeted as acquisition candidates, he has not and will not need, to use or disclose that information in order to carry out his responsibilities at Zillow. Moreover, Zillow operates in the same industry as Move, and it is generally known throughout the industry who are the potential M&A targets. Errol would have nothing to add to Zillow's knowledge of potential acquisition candidates.

15. To reiterate, we are not interested in whatever confidential information or trade secrets that Errol may have about Move or NAR. His role at Zillow will not tempt, much less require, him to disclose any such information that he may have.

I declare under penalty of perjury of the State of Washington that the foregoing is true and correct.

Signed at 11:18 a.m., Washington, this 2nd day of April, 2014.


SPENCER RASCOFF

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CERTIFICATE OF SERVICE

On April 2, 2014, I caused to be served upon counsel of record, at the address stated below, via the method of service indicated, a true and correct copy of the following document: **DECLARATION OF SPENCER RASCOFF IN SUPPORT OF ZILLOW’S OPPOSITION TO PLAINTIFF’S MOTION FOR PRELIMINARY INJUNCTION**

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 Via E-mail

I certify under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

DATED this 2nd day of April, 2014 at Seattle, Washington.

s/ Janet Davenport

Janet Davenport
Legal Secretary