

## IP drives \$2.12bn Michael Kors-Versace deal: lawyers

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Michael Kors' \$2.12 billion purchase of luxury Italian fashion house Versace has been driven by IP and branding, according to lawyers.

American fashion brand Michael Kors announced yesterday, September 25, that all parties had signed a "definitive" acquisition agreement. It follows Michael Kors' purchase of luxury footwear designer Jimmy Choo for \$1.2 billion last year.

Simon Ayrton, partner at London-based Powell Gilbert, said that the amount Michael Kors has paid to acquire Versace demonstrates the degree to which famous trademarks such as 'Versace' drive consumer decisions and add value to businesses.

San Francisco-based Jennifer Taylor, partner at Morrison & Foerster, explained: "The trademarks and the brand that they represent are always important drivers in a deal like this. The easiest way for a company to expand into a new product line is with a brand that is already well established, like Versace."

The umbrella holding company of the Versace and Michael Kors brands, among others, will now be called Capri, according to yesterday's release.

Jon Schiffrin, partner at Schiffrin and Longo in McLean, Virginia, said that for Michael Kors, the addition of a well-known luxury brand such as Versace will be "incredibly important" as the company seeks to position Capri as a luxury name.

"Consumers would then associate Capri/Michael Kors with high-end products just based on the Versace acquisition," Schiffrin explained. This will also benefit the Versace brand by opening up a number of new distribution channels in the US, he said.

However, Leighton Cassidy, partner at Fieldfisher in London, warned that the combined fashion brands will want to ensure that they maintain the perception of Versace as a high-end luxury brand and that this is not diluted as a result of the transaction.

Practically, the IP portfolio will probably remain unchanged, Schiffrin explained, except for the transfer of ownership to Capri. He speculated that Versace's licences with third parties were likely to have been included as part of the deal.

Cassidy predicted that the IP portfolio of Capri will be maintained and expanded to cover various product ranges. He said that the Versace brand is already used on products ranging from fashion accessories to hotels, and this strategy is likely to continue to grow under the care of Capri.

Amsterdam-based Simmons & Simmons lawyers, Paul Tjiam and Lotte Cuijpers, said that although the deal presents IP opportunities, there are also evident threats.

"Versace is a brand that is historically heavily counterfeited in the market," they explained, so this will be a challenge for Capri.

However, Cassidy noted that there will also be IP cost-savings for Capri, as the combined companies seek to harmonise their IP protection and enforcement strategy and consolidate external legal spending and anti-counterfeiting work.

Cassidy suggested that the acquisition of Versace by a US company may result in the Versace brand becoming more litigious, particularly if the expansion of the brand results in heightened IP infringement.

Tjiam and Cuijpers said that companies tend to have different approaches and strategies when it comes to litigation, but as Capri is now the umbrella company, it will have the final say when it comes to litigation decisions.

"Since Michael Kors also acquired Jimmy Choo recently, they have ample experience in IP litigation and strategy," the Simmons & Simmons lawyers said.