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2. Today both companies compete on everything from clothing to eyewear to shoes. But where Coach, Kate Spade, and Michael Kors most fiercely compete, and where they boast eye-popping market shares, are in handbags—specifically, “accessible luxury” handbags—where the parties offer high-quality products purchased by tens of millions of Americans. This is big business too—Coach, Kate Spade, and Michael Kors handbags generated approximately [REDACTED] in sales in the United States in 2022. And it is in “accessible luxury” handbags that the Proposed Acquisition will create a colossus with over [REDACTED] percent market share in the United States, dwarfing all other market players and combining two firms to which Wall Street have long referred as a [REDACTED]

3. The term “accessible luxury” was coined by Coach during its initial public offering over 20 years ago to distinguish Coach products, which filled the void between “mass-market” items on the one hand and “true luxury” products on the other. As Tapestry explained at a recent Investor Day, “It was the idea that you didn’t have to spend an exorbitant amount of money to buy a high-quality bag.” In the years since, the parties, along with other industry players, have embraced the term—and its equivalents “affordable luxury” and “aspirational luxury” (hereinafter “accessible luxury”)—consistently, and routinely, using it in public statements, in calls with investors, and in internal documents to describe a very distinct handbag product: one that is crafted predominantly in Asia from high-quality materials with fine craftsmanship at affordable prices, distinguishing “accessible luxury” handbags from both the mass-market products that are made in bulk in China from lower-quality materials and sold at lower prices, and the high-end luxury handbags crafted predominantly in Europe that sell at significantly higher prices.

4. Indeed, despite its incorporation of the word “luxury,” “accessible luxury” is very distinct from what the parties and other industry players call “luxury,” “true luxury,” “high-end luxury” or “European luxury” (hereinafter, “true luxury”) brands, like Chanel, Louis Vuitton, and Hermes, whose handbags retail in the thousands of dollars—multiple times the prices of Coach, Kate Spade, and Michael Kors handbags—and are made from the finest materials and leather, often in Europe. These elite brands also claim affluent, high-wealth consumers—in contrast to the millions of working- and middle-class clientele who comprise a large part of the customer base for Coach, Kate Spade, and Michael Kors.

5. Indeed, while the parties advertise their products in the hands of jet-setting celebrities, the parties’ reams of consumer research paint a different picture of their typical consumer. These consumer surveys reveal that approximately [REDACTED] of Coach and Michael Kors customers have household incomes of

6. As Coach has acknowledged in internal documents:

Or, as the Vice

President of Retail for Michael Kors has observed:

Kate Spade sells its handbags to consumers with  
everyday American

income demographics. It will be these

9. For example, in July of 2021, Tapestry publicly committed to a \$15/hour minimum wage for U.S. hourly employees, which CEO Joanne Crevoiserat internally acknowledged as [REDACTED] Its rival Capri immediately took notice, with its CEO John Idol

Michael Kors' VP of Stores wrote separately:

[REDACTED] Less than two months later, Michael Kors announced plans to raise its minimum wage to \$15 per hour, effective [REDACTED], which benefitted nearly Capri employees.

10. The elimination of this multi-faceted competition between the close rivals will harm consumers and employees, likely leading to higher prices, decreased innovation, and reduced wages. Indeed, it is not surprising that Tapestry's stated and unabashed goal is to raise prices post-merger. Tapestry plans to do so by pulling back on wholesale channel sales—where [REDACTED]

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is just one in a string of acquisitions



**IV. THE MARKET FOR “ACCESSIBLE LUXURY” HANDBAGS**

21. The parties’ Coach, Kate Spade, and Michael Kors brands compete to sell

25. The repeated, and consistent, recognition of an “accessible luxury” market in the mirrors their frequent references to “accessible luxury” and its equivalents in their filings with the Securities and Exchange Commission and in earnings calls, including in 10-Ks filed the year just prior to their deal:

- “Tapestry, Inc. is a leading New York-based house of **accessible luxury** accessories and lifestyle brands . . . . Coach is a leading design house of **accessible luxury** accessories and lifestyle collections, with a long-standing reputation built on quality craftsmanship.” (emphases added).
- “MICHAEL Michael Kors is the **accessible luxury collection** and offers women’s accessories, primarily handbags and small leather goods, as well as footwear and apparel and is carried in all of the Michael Kors lifestyle stores and leading department stores around the world.” (emphasis added).

26. The parties are far from alone in their recognition of an “accessible luxury” handbag market. Other industry participants widely acknowledge a distinct market for “accessible luxury” handbags. Likewise, press and analyst reports regularly address Coach, Kate Spade, and Michael Kors as “accessible luxury” brands. Even Morgan Stanley, Tapestry’s investment banker for the Proposed Acquisition,

27. As reflected in the “accessible luxury” handbags have a distinct price range, which is recognized by other industry participants



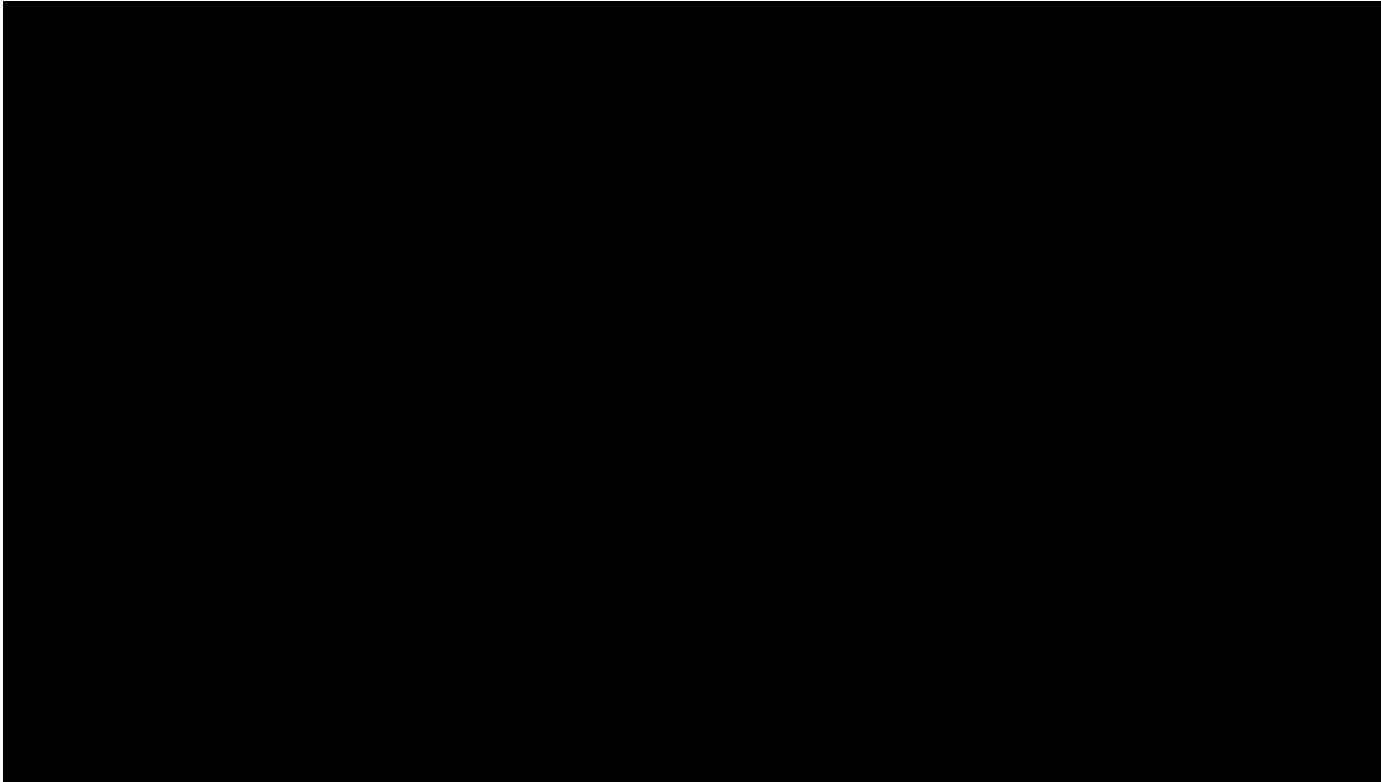
as well.

Kate Spade, and Michael Kors handbags. For instance, a Michael Kors consumer insights deck from last summer showed that the Michael Kors' handbag purchasers were a [REDACTED]

[REDACTED] A document presented to the Tapestry board just a few months earlier shows that household incomes of [REDACTED]

[REDACTED] percent of Coach consumers have

[REDACTED] Kate Spade's income demographics are [REDACTED], as are those of the other brands widely recognized as major (albeit much smaller) players in the "accessible luxury" space:



31. In contrast, Capri estimated in 2023 that [REDACTED] percent of the consumers of true luxury brands Gucci, Dior, Fendi, and Valentino had household income [REDACTED]

32. "Accessible luxury" handbags also have peculiar characteristics that distinguish them from those offered by mass-market brands and by the European true luxury fashion houses. These include:

33. **Quality.** "Accessible luxury" handbags boast quality materials and craftsmanship. Coach states that it works [REDACTED]

[REDACTED] And Michael Kors specifically [REDACTED]

These qualities separate "accessible luxury" from mass-market handbags, which are often



President:  
President of Kate Spade put it more bluntly:

The

Neither are mass-market handbags, which, as noted above,

38. Although a relevant antitrust market can be defined solely based on qualitative evidence regarding market characteristics, or “practical indicia,” another common method employed by courts and the Agencies to determine the relevant market is the hypothetical monopolist test.

39. As explained by the case law and Merger Guidelines, the hypothetical monopolist test is a tool used to determine if a group of products is sufficiently broad to be a properly defined antitrust product market. If a single firm (i.e., a hypothetical monopolist) seeking to maximize profits controlled all sellers of a set of products or services and likely would undertake a small but significant and non-transitory increase in price or other worsening of terms (“SSNIPT”), then that group of products is a properly defined antitrust product market. Here, a hypothetical monopolist of “accessible luxury” handbags likely would undertake a SSNIPT on consumers. In the event of a SSNIPT for “accessible luxury” handbags, consumers would not switch to mass-market handbags or to true luxury handbags in sufficient volumes to render the price increase unprofitable. Accordingly, “accessible luxury” handbags constitute a properly defined product market.

**B. The Parties Compete in a Relevant Geographic Market of the United States.**

40. The parties compete in a relevant geographic market of the United States. Coach,.9 (. C)-3.1 (oa)-h(N)2 (I4 (g)-d (ap) M4 (et)-13.9 )-1 (kae 10.91 K)-2 (t)o6 (n)-4 (cr14 (03 Tw14 (r)-14 (r)--6 (n)

lessens competition between the parties, as recognized by the Merger Guidelines. The parties' internal documents show that Tapestry and Capri closely monitor each other's business strategy and routinely respond to each other's competitive decision-making. The Proposed Acquisition would eliminate this fierce competition, which manifests through pricing, discounts, promotions, innovation, design, marketing, and brick-and-mortar store experiences—all of which benefit consumers.

43. Consumers are not the only constituency that profits from this rich, and fierce, competition: employees reap rewards from head-to-head competition between the parties' concerning wages and workplace policies.

44. There is a reasonable probability that the elimination of competition as a result of the Proposed Acquisition would result in increased prices, fewer discounts and promotions, decreased innovation, and reduced wages and employee benefits.

**A. Coach, Kate Spade, and Michael Kors Are Close Competitors.**

45. Tapestry and Capri recognize their Coach, Michael Kors, and Kate Spade brands as close competitors for handbags, so much so that

While the company was negotiating the Proposed Acquisition, a Tapestry shareholder stated in a letter to its Board of Directors that

Another Tapestry document recognizes that

Similarly,  
Capri's documents, including several that made their way to the company's Board of Directors,

And Capri CEO and Chairman John Idol

Mr. Idol is not alone: his counterpart at Tapestry,

Coach and Kate Spade documents discuss  
slide deck presented to Coach's Chief Marketing Officer in 2021,

And internal  
in the words of a

46. Mr. Idol and Ms. Crevoiserat have good reason to focus on each other's "accessible luxury" handbag brands, as the parties' own consumer research shows that their

Capri has conducted similar research,

**B. There Is a Reasonable Probability That the Proposed Acquisition Will Eliminate Head-to-Head Competition Between Coach, Kate Spade, and Michael Kors.**

47. Coach, Kate Spade, and Michael Kors have a laser-like focus on each other, continuously monitoring each other’s “accessible luxury” handbag brands from look and feel to pricing and performance, and then using that information to inform their strategic deliberations and actions. The Merger Guidelines state that “[c]ompetition often involves firms trying to win business by offering lower prices, new or better products and services, more attractive features, higher wages, improved benefits, or better terms relating to various additional dimensions of competition.” All of those forms of competition are here—and there is a reasonable probability that all would be eliminated if the Proposed Acquisition is allowed to proceed.

48. **Price and discounts.** Examples abound in the parties’ documents of analyses

subordinates to  
email blast showed Coach

Mr. Idol himself has instructed his  
And when a Coach

Indeed, Mr. Idol has testified on behalf of Capri

49. Price competition between Coach, Kate Spade, and Michael Kors occurs beyond simply aligning on list prices, however, as the parties

In fact, the parties—and Wall Street—have complained about the fierce undercutting and discounting between these three brands, so much so that Michael Kors’ CEO

50. ~~M8 - 1911(h)(a)2((6)(f)nb (dec)urs 4(128)92102(h6)4Tr40(d)ed-6T(c)Ullhw(hs)11(x)2 (h(n)44(e)4~~

Kors

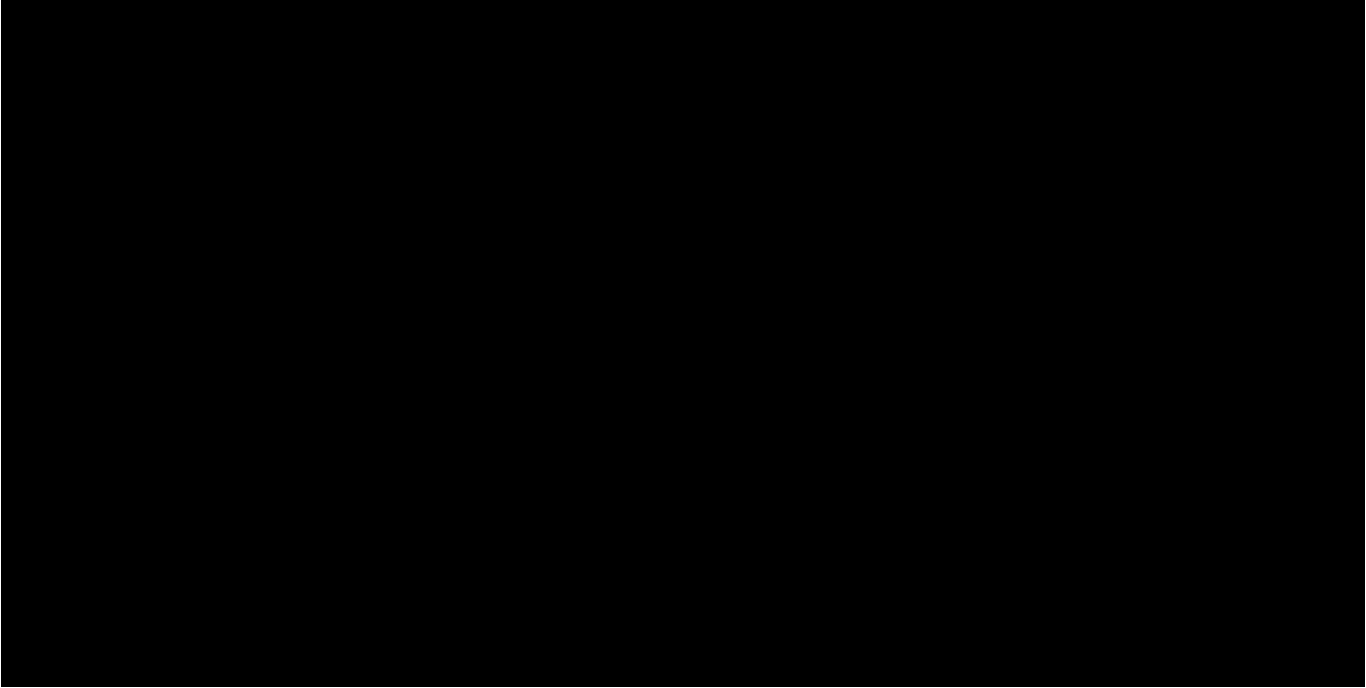
At one point, this competition became so intense Michael

52. **Brick-and-mortar stores.** Although each heavily relies on digital sales, the parties recognize the value of a strong brick-and-mortar presence, whether it be through their own retail stores or department

Kors announced plans to raise its minimum wage to \$15 per hour, effective which







64. Tapestry’s plans will be fueled by its enormous consumer database and superior analytical capabilities. The company has assembled an arsenal of consumer data, boasting a database of [REDACTED] Rich data analysis, and heavy investment in other technological capabilities, such as artificial intelligence, have enabled Tapestry to strategically implement targeted price increases, reduce discounts and promotions, and limit inventory. Tapestry plans to leverage these capabilities for Capri’s brands, including Michael Kors, to drive similar results.

**VI. THE PROPOSED ACQUISITION IS PRESUMPTIVELY UNLAWFUL BECAUSE IT SIGNIFICANTLY INCREASES CONCENTRATION**

65. Apart from the elimination of fierce head-to-head competition, the Proposed Acquisition is also presumptively unlawful because it significantly increases concentration in the “accessible luxury” handbag market. Already recognized by Wall Street as a [REDACTED] Tapestry and Capri combined would control more than [REDACTED] percent of the market for “accessible luxury” handbags in the United States. Given the parties’ high market shares, the Proposed Acquisition would lead to a significant increase in concentration in the “accessible luxury” handbag market that exceeds the threshold for presumptive illegality.

66. The Merger Guidelines employ a metric known as the Herfindahl-Hirschman Index (“HHI”) to assess market concentration. The HHI is the sum of the squares of the market shares of the market participants. For example, a market with five firms, each with 20% market share, would have an HHI of 2000 ( $20^2 + 20^2 + 20^2 + 20^2 + 20^2 = 2000$ ). The HHI is low when

there are many small firms and grows higher as the market becomes more concentrated. A market with a single firm would have an HHI of 10,000 ( $100^2 = 10,000$ ).

67. The Department of Justice and the Federal Trade Commission jointly publish the Merger Guidelines. Rooted in established caselaw and widely accepted economic thinking, the Merger Guidelines outline the legal tests, analytical frameworks, and economic methodologies both agencies use to assess whether transactions violate the antitrust laws, including measuring market shares and changes in market concentration from a merger.

Proposed Acquisition, in a quest to become a [REDACTED] Its pattern and strategy of acquisition will entrench Tapestry as the dominant player in “accessible luxury” handbags and make it harder for new brands to both enter and have a meaningful presence.

73. The Proposed Acquisition is part of Tapestry’s long articulated strategy and pattern to become [REDACTED] and Tapestry’s documents demonstrate that its goal is to [REDACTED]

74. This strategy began over a decade ago, when in 2012 then-Coach [REDACTED] to address [REDACTED] and buying [REDACTED] By the next year, Coach had set its sights on becoming [REDACTED] To do so, Coach devised [REDACTED]

75. In 2015, Coach successfully took its first steps to become this [REDACTED] when it purchased Stuart Weitzman for \$574 million, to enable Coach, in part, to be [REDACTED] Just months after this acquisition, Coach again looked at [REDACTED]

76. A Kate Spade acquisition finally became a reality for Coach in 2017, when Coach purchased the brand for \$2.4 billion and became Tapestry. [REDACTED] and Coach told investors the merger would [REDACTED] Coach also acknowledged concerns of [REDACTED] resulting from the merger. Notably, just prior to purchasing Kate Spade, Coach told its board, [REDACTED] and that Coach wanted to [REDACTED]

77. That same year Coach also revisited its strategy to acquire [REDACTED] Later, in 2019, Tapestry looked at acquiring [REDACTED] and, in 2022, it focused its [REDACTED] on [REDACTED] That same year, [REDACTED] and, in fact, as it was [REDACTED] Tapestry

instructed Morgan Stanley to

78. Tapestry’s strategy to acquire “accessible luxury” handbag brands is clear . In 2021, Tapestry CEO Joanne Crevoiserat made clear that

Tapestry created documents for its Board of Directors leading up to the Proposed Acquisition saying it and its SVP of Strategy and Consumer Insights observed

Not only would the Proposed Acquisition create a North American “accessible luxury” handbag powerhouse, but Tapestry would be able to leverage its combined size for even more acquisitions of rivals in the “accessible luxury” handbag market by which it could entrench its position and make it harder for smaller rivals and new entrants to compete. Indeed, using the new balance sheet from the Capri acquisition, Tapestry would have

Additionally, Tapestry would have

**VIII. THERE ARE NO COUNTERVAILING FACTORS TO JUSTIFY THE PROPOSED ACQUISITION**

79. Entry and repositioning to counteract the Proposed Acquisition’s anticompetitive effects is not likely, timely, or sufficient. Coach, Kate Spade, and Michael Kors are household names in the United States, scoring as some of the most recognized brands in the fashion industry in consumer research studies. These types of brands 4nhse typeognira (t)-2 6 ( o( i)-2 (t)-r)3 (a)gh(ogni



**NOTICE**

Notice is hereby given to the Respondents that the twentyicehe

