



VERSUS' STRATEGY SHIFT

DONATELLA VERSACE IS FORGING A NEW PATH FOR VERSUS — WITHOUT CHRISTOPHER KANE. PAGE 3





Qatar's Italian Interest

By LUISA ZARGANI and ALESSANDRA TURRA

MILAN — Cash-rich Qatar is looking to invest in Italy and fashion companies are high on the wish list.

On Monday, Qatar Holding LLC, a global investment firm founded by the Qatar Investment Authority in 2006, signed an agreement with Italy's Fondo Strategico Italiano, the holding controlled by Cassa Depositi e Prestiti, or CDP, a joint-stock company under public control, to create a joint venture, IQ Made in Italy, which will invest in

Italian brands

According to the agreement signed by Qatar Prime Minister Sheikh Hamad bin Jassim al-Thani and Italian Prime Minister Mario Monti, the new company will have total capital of 2 billion euros, or \$2.5 billion at current exchange rates, provided equally by Qatar Holding LLC and the Fondo Strategico Italiano over the next four years.

IQ Made in Italy will invest in a wide range of companies in various sectors, including fashion and luxury; food; furniture and design, and tourism and leisure.

Monti kicked off his tour in the SEE PAGE 8 **CLAMPING DOWN**

China and U.S. Team For Counterfeit Sting

By CASEY HALL and KRISTI ELLIS

SHANGHAI — The tide may be turning against forgers of fakes operating in China.

In an unprecedented collaboration, authorities from the U.S. and China together shut down a major counterfeiting operation in the southern Guangdong province.

Guangdong province.

A total of 73 people were arrested as part of the sting, code named "Blue Plan," which resulted in the shutdown of 37 sites involved in the manufacture of low-quality copies of handbags from designer brands such as Louis Vuitton, Coach and Hermès.

According to a statement released by China's Ministry of Public Security, 20,000 counterfeit bags were seized, along with machinery and enough raw materials to construct an additional 50,000 bags. In total, the entire counterfeiting operation was estimated to be worth \$802 million at current exchange rates.

Local authorities identified the kingpin of the operation as Jun Qian, who was arrested along with his wife, Xiao Qin, as well as his brother, brother-inlaw and other relatives and friends.

Chinese media were told at a press conference on Sunday that Jun Qian admitted to the counterfeit of 960,000 bags intended for sale in the U.S. and Middle East. Jun Qian claimed he began counterfeiting when his leather-goods business hit hard times in the wake of the global financial crisis in 2009.

"This criminal production of fake and shoddy products results in huge profits," Guangzhou-based investigator, Chen Hongbo, told reporters.

Bob Barchiesi, president of the International Anticounterfeiting SEE PAGE 9

Deal Puts Fred Segal Brand in Japan

By LISA LOCKWOOD

FRED SEGAL is taking its edgy Southern California heritage to Japan.

Sandow, a New York-based firm that builds multichannel, vertically integrated brands, which purchased Fred Segal in January, has formed a long-term partnership with Mark Styler Co. Ltd. to introduce Fred Segal in Japan beginning next year.
As part of the agreement, Mitsubishi Corporation

Fashion Co. Ltd., a subsidiary of Mitsubishi Corp., will manufacture Fred Segal-branded product for distribu-tion in the Japanese market. This marks the first time in more than 50 years that the Fred Segal name has been used outside its original Los Angeles locations.

'It will be highly designed and highly curated. Here in the U.S., we'll be approving everything and will be very careful and very selective on what is produced and brought out in the Japanese market under the Fred Segal brand," said Adam I. Sandow, chairman and chief executive officer of Sandow. The Fred Segal-branded product will be fashion forward for the Japanese market.

With locations in Santa Monica and West Hollywood, Fred Segal has become synonymous with Los Angeles style and casual chic. The retailer operates an array of shop-in-shop boutiques that offer highly curated merchandise ranging from jeans and T-shirts to designer shoes and handbags, as well as a salon, yoga studio and restaurants under its recognizable red, white and blue stripes and ivy-covered walls.

The Tokyo flagship, which will span 10,000 square feet, will open in September. It will be designed very much

like Fred Segal in Los Angeles, with numerous shopsin-shop. "It will be even more eclectic than what you're seeing in Melrose," said Sandow. Merchandise will be 20 percent Fred Segal-branded product and 80 percent of brands found globally, he said. The flag-ship, which will feature a salon and a spa, will also serve as a platform for up-and-coming designers, both

locally and internationally.

The Japanese flagship will be followed by several additional locations in other key Japanese cities, including both flagships and branded boutiques within major, high-end department stores. "Our whole strategy with this is we're in no major rush," said Sandow. "We're very proud we've had four major deals done in six months. We don't want to overexpand. We love that our partners in Japan are being

"We're pleased to be working with Sandow to introduce Fred Segal in Japan," said Kenji Etou, ceo of Mark Styler. "With its Hollywood history and focus on the latest fashion trends, we are confident that the brand will resonate well in this market and look for-ward to opening the first location in Tokyo next fall."

When Sandow acquired Fred Segal last January, it bought the rights to Fred Segal's intellectual property, new stores worldwide, the development of ecommerce and the creation of Fred Segal-branded apparel and products. Sandow subsidiary Culture Commerce, a global design consultancy that develops opportunities between brands and designers. manages all licensing deals for Fred Segal globally. The company is also looking to open stores in unusual locations such as hotels and airports

One deal has been forged with SBE, which owns and operates luxury hotels and restaurants worldwide. SBE is headed by Sam Nazarian, founder, chairman and ceo. Sandow will develop seven exclusive Fred Segal stores within the new SLS Las Vegas that opens in 2014. The hotel is being designed by Philippe Starck. These Fred Segal boutiques — the only stores to be located in the resort — will cover 10,000 square feet of retail space and will feature merchandise such as women's and men's apparel, swimsuits, jewelry, beauty, books, art, accessories and Fred Segal-branded items.

"It's not just a store coming to Las Vegas. This is a Fred Segal experience that will be in every store in his hotel. When you walk though the front door into the casino, there will be two Fred Segal stores flanking the entrance. When you walk through the lobby, it will be all Fred Segal," said Sandow. "Vegas was always a place we wanted to be. Obviously, there's so much retail there, but it had to be unique," said Sandow. The shops will open in 2014.

Sandow said they plan to build a denim bar, which will be installed in all Fred Segal stores, in Japan and Las Vegas. "It will carry the most interesting brands of denim, and eventually a Fred-Segal brand of denim.

Gensler, an architecture, design and planning firm, which has done projects such as the London Apple flagship, Neiman Marcus Beverly Hills and various Armani Exchange locations around the world, will be the architect-design partner for the SLS Las Vegas project.

Fred Segal stores will have their own buyers and merchandising staff who will work closely with Fred Segal's merchandising manager, whom the company plans to hire in the next few months. The team will need to get approval from Sandow on merchandise and brands coming into the stores in an effort to maintain the quality level, said a spokeswoman.

Finally, the company is working on fredsegal.com, which will launch sometime next year. "We're taking our time to carefully choose our partners. Our goal is not to slap a name on an e-commerce site," said Sandow. They are considering a "trunk model," where it will work with affluent shoppers and have private stylists in centers, where they'll fill the trunks with all kinds of clothing and they will be sent to customers' homes. They can try things on, and keep what they want and send back what they don't want. "It's designed to help the Fred Segal tenants. It gives them the power of the Internet and bring their very unique product mix to

a larger audience outside of L.A.," said Sandow.
Sandow said the company is looking to open a large Fred Segal in Miami, and would also like to open stores in New York and other U.S. cities, as well as Korea and China. "Our goal next is to build something outside of New York mostly likely in Miami, which will allow us to bring Fred Segal to the next level as an experience. I'm a big believer that retail has to be experiential. It has to be a place where people want to go to repeatedly and interact and stay, more of a lifestyle center.



THE BRIEFING BOX

IN TODAY'S WWD

Joni Mitchell, Mama Cass and David Geffen.



Authorities from the U.S. and China have come together to shut down a major counterfeiting operation in the southern Guangdong province. PAGE 1

Cash-rich Qatar is looking to invest in Italy and fashion companies are high on the wish list. PAGE 1

Versace is forging a new path for Versus without Scottish designer Christopher Kane. PAGE 3

Hudson's Bay Co. is trimming back expectations for its initial public offering in Toronto. PAGE 3

Fiber companies are responding to consumer needs with fresh products created from technologies that take into account state-of-the-art sustainability techniques. PAGE 6

Scarlett Johansson and Helen Mirren were among the cast members of the forthcoming Alfred Hitchcock biopic at the film's premiere in New York. PAGE 10

Hearst Corp. chief executive officer Frank Bennack Jr. was at the Paley Center Friday in the latest in a series of interviews with media moguls. PAGE 11

ON WWD.COM

EYE: In the new documentary, "American Masters Inventing David Geffen," director Susan Lacy exposes a new side to the tough, billionaire mogul that may surprise viewers. For more photos, see WWD.com/eye.

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COPYRIGHT @2012 PAIRCHILD FASHION MEDIA. ALI RIGHTS RESERVED. PRINTED IN THE U.S.A.
VOLUME 2014, NO. 10.7 TUESDAW, MOVEMBER 20, 2012. WWD (ISSN 1049-5380) is published daily (except Saturdays, Sundays and holidays, withone additional issues in May June, October and December, and two additional issues in February.
March, April, August, September and November Ju Patrichild Fashion Media, which is a division of Advance Magazine Publishers Inc. PRINCIPAL OFFICE: 750 Third Avenue, New York, NY 10017. Shared Services provided by Conde Nast: S. Newhouse, I., Chairmar, Charles H. Iowissend, Chefe Decarbot Officer: Robert A Suspender Ju. Prevented by Conde Nast: S. Newhouse, I., Chairmar, Charles H. Iowissend, Chefe Decarbot Officer: Robert A Suspender Ju. Prevented by Conde Nast: S. Newhouse, I., Chairmar, Charles H. Iowissend, Chefe Decarbot Officer: Robert A Suspender Ju. Prevented by Conde Nast: S. Newhouse, I., Chairmar, Charles H. Iowissend, Chefe Decarbot Officer: Robert A Suspender Ju. Prevented S. Newhouse, I. A. Charles To March And Charles and Service Services and Servic

Jordi Constans Takes Helm of Louis Vuitton

By MILES SOCHA

PARIS - The hand over is official — and slightly earlier than anticipated.

On Monday, Jordi Constans officially became chief executive of-ficer of Louis Vuitton, taking the reins of the leather goods powerhouse from Yves Carcelle, one of the most widely admired executives in the luxury industry.

Vuitton had announced the arrival of Constans in September 2011 and said he would succeed Carcelle at the end of 2012 after spending a year familiarizing himself with LVMH Moet Hennessy Louis Vuitton and its star, cash-cow brand.

In an internal announcement

obtained by WWD, the changeover was described as coming after a year of his "increasing involvement in the management" of the company.

A Spanish national who joined

Vuitton from French food giant Danone SA, Constans, 49, is also to become a member of LVMH's executive committee.

Carcelle, who joined Vuitton from bedding firm Descamps in 1989, was named ceo of the heritage brand in 1990, piloting its glob-

al retail and product expansion. "Over the 22 years of his tenure, Louis Vuitton has enjoyed spectacular and widely acclaimed growth to achieve its position today as the world's leading luxury brand," the announcement trumpeted.

Carcelle is to become vice chairman of the forthcoming Fondation Louis Vuitton, a Frank Gehrydesigned art museum slated to open next year. He is also to remain on the executive committee of the luxury giant and undertake "stra-tegic missions" alongside Bernard Arnault, its chairman and ceo.

A driven and indefatigable executive. Carcelle traveled the world to scout and realize Vuitton boutiques in such far-flung locations as Mongolia, and he took the brand into new categories of business such as ready-to-wear, eyewear, watches and fine jewelry.

Constans was executive vice president of Danone's fresh dairy products division and a member of its executive committee.



New Direction for Versus As Kane and Versace Part

By LUISA ZARGANI

MILAN — Versace is forging a new path for Versus — and without Scottish designer Christopher Kane, who had a hand in the line since 2009.

The Milan-based firm said it plans to reposition its younger brand as a seasonless line with a strong digital element that will be designed by Donatella Versace in collaboration with a number of yet-to-be-named young designers, stylists and creative talents. Together they will develop capsule collections, co-branding projects and limited editions under the Versus moniker.

By mutual agreement, the company and Kane, who worked with Donatella Versace on Versus, have parted ways.

"This is consistent with Christopher's own strategies when he first accepted to work on Versus, and we are now ready to change our approach," Versace chief executive officer Gian Giacomo Ferraris told WWD. "He and Donatella Versace had a beautiful, personal symbiosis," he added.

The executive underscored that there

The executive underscored that there was no termination of contract but that the relationship "evolved naturally and matured, so that this was the right moment and a logical decision for everyone. We started thinking about the new Versus months ago, before the summer."

The executive said the company plans to unveil the new Versus collections through special events not necessarily held during fashion weeks, nor in a traditional catwalk format. The first of such events is planned for March or April 2013 in New York.

"It's an experimental, niche, lifestyle brand — a sort of laboratory, it stands for free spirit, and New York is a symbol of modernity and progress, but maybe it could go on to Shanghai or Hong Kong," said Ferraris. The line will be for men and women but also include special items — perhaps even furniture, he said.

"This is a very exciting development for Versus, and I'm thrilled to be engaged in such a major shake-up of the fashion world's rules," said Donatella Versace. "I want to thank Christopher for his contribution to Versus over six seasons, during which I have been able to appreciate his extraordinary talent. Working

with young, talented people, and seeing them grow and develop as I have seen Christopher do over these years, is one of the most rewarding parts of my work. I wish him all the best for the development of his own line. He will always have my total support."

ment of his own line. He will arways have my total support.

"I am so grateful to Donatella Versace for her support and the incredible opportunities she has given me," Kane told WWD. "I respect her enormously and have learned so much from her. I have loved and appreciated working with her and will always be indebted to her. I am excited about the new Versus strategy, but the time has come to dedicate all my focus to the future of the Christopher Kane label."

Over the weekend, Kane squelched a flurry of online reports declaring him Balenciaga's new creative director following the exit of Nicolas Ghesquière earlier this month. Kane issued a denial saying that he was not joining the French fashion house.

Known for his use of vibrant colors, patterns and juxtaposition of texture and transparency, Kane launched his own line for spring 2007 and won the inaugural New Establishment award at the British Fashion Awards in 2011.

His collections are stocked at stores such as Barneys New York, Neiman Marcus, Opening Ceremony, Joyce, Colette, Liberty, Harrods, Harvey Nichols and Le Bon Marché.



Ferraris highlighted the fact that Versace would leverage its in-house production facilities to develop Versus.

"It's a structural change, a different way to develop the collections with immediate availability online, and we can do this because we have our own production platform," he explained. "We could never do it if it depended on outside production and did not have a strategic control of production."

The executive noted a dedicated Versus online store would be unveiled next year and that he was "banking" on the Web also for the brand's communication.

After returning the company to the black last year and focusing on the expansion of the signature line, Ferraris said he believed this was the right moment to focus on Versus, as the firm is "ahead of plans." The Milan-based company is expected to close 2012 with double-digit growth "even stronger" than in 2011, when the group posted a 16 percent increase in revenues.

The signature collection accounts for 80 percent of sales. Ferraris did not detail financial projections for Versus going forward, while stressing, "we believe this is the right path for the brand."

There is one directly operated Versus store in Hong Kong and 14 franchised units in the world. Three franchised openings are confirmed in 2013, but the company plans to also open additional directly operated boutiques. There are 125 points of sale that carry the brand.

Versus was first launched in 1989. After a four-year hiatus, the brand returned in the fall of 2009. Since the fall 2010 season, Versace teamed up with Kane, who added a youthful, edgy and underground vibe.

Versus was previously under license for apparel for men and women and accessories, inked with the Facchini family, who own the Gruppo Facchini apparel manufacturer, but Ferraris brought production in-house.

Last September, Versus presented its latest collection in the family palazzo on Via Gesù, the same night of the Versace show, with a live performance by Beth Ditto.

Growth in established markets like the U.S., as well as in new regions from Brazil to Asia, helped Versace return to profspring.

5 million euros, or \$11.8 million, compared with a loss of

21.7 million euros, or \$28.6 million, in 2010. Revenues last year rose 16.4 percent to 340.2 million euros, or \$472.6 million.

— WITH CONTRIBUTIONS
FROM SAMANTHA CONTI

FASHION SCOOPS

HUDSON'S BAY IPO TRIM: Hudson's Bay Co. is trimming back expectations for its initial public offering in Toronto. The retailer, which owns Lord & Taylor, The Bay and Home Outfitters, now expects to raise 365 million Canadian dollars, or \$364.5 million, according to a financial source. That's a decline of 8.8 percent from the 400 million Canadian dollars the company expected when it filed paperwork for the offering last month.

- EVAN CLARK

ARMANI TALKS VERSACE: Giorgio Armani wrote candidly about Gianni Versace

in the preface to the reissue of "Gianni Versace. La Biografia," the late designer's biography by journalist **Tony di Corcia** first published in 2010. "Fifteen years after his death,

"Fifteen years after his death, what I remember of Gianni Versace? His incredible exuberance, a sense of happiness that mixes everything—ideas, trends, memories, art—with a sort of nonchalant vitality. He was a great creator," Armani wrote in the preface, hitting bookstores on Thursday, Armani said that Versace's talent is increasingly evident as times passes.

Armani, who established his fashion house in 1975, only three years before the Calabrian designer, described the rise of ready-to-wear in Italy in the Eighties and how they were both spurred by their rivalry.

"The Italian mentality feeds on contradictions: from [bike aces] Coppi/Bartali to **Gina Lollobrigida/Sophia Loren**. Armani and Versace were perfect for this game," Armani wrote. "But to be honest we didn't know each other very well, being so absorbed in our work [...] even if we would have never admitted that, we were curious about each other and at the end of each show we used to ask: "What did Versace do?" and "What did Armani do?" — **ALESSANDRA TURRA**

OBANDO OPENS JEWELRY: Los Angeles-based designer Juan Carlos Obando celebrated the upcoming launch of his jewelry collection with a dinner at Chateau Marmont on Thursday hosted by Lisa Love, Katherine Ross. Rochelle Gores Fredston and Angelique **Soave**. "You'll get a transcription of my speech tomorrow. quipped the Colombian-born designer, who said the dinner was "a thank-you to everyone who has supported me over

the last 10-plus years."

The 22-piece collection for women and men will launch at Barneys New York this holiday season, followed by rollouts at A+R boutiques in Los Angeles, Alchemist in Miami and Moda Operandi online. Wholesaling from \$80 to \$250, the collection comprises bracelets, rings and necklaces made from yellow and rose gold alloy, white bronze and sterling silver.

In addition to a past nomination for the CFDA/Vogue Fashion Fund, Obando has found support among Los Angeles' art crowd, with Los Angeles County Museum of Art board members Ross and **Willow Bay** often sporting his designs at museum galas, as well as Hollywood fashion types like **Lydia Hearst** and **Jessica Joffe**, who both were at the dinner, sporting his jewelry

and clothing. Next up for Obando is a collaboration with the Wear LACMA program. — MARCY MEDINA

A FACE IN THE CROWD?: Former Celine designer Ivana Omazic has landed at Maison Martin Margiela in a senior creative capacity, according to market sources. A Croatian-born talent, Omazic joined Celine in 2005 and ultimately succeeded Roberto Menichetti, exiting in 2008 when the fashion house tapped Phoebe Philo.

Educated in fashion in Milan, Omazic has also worked for Romeo Gigli, Prada Sport, Jil Sander and Miu Miu. She could not be reached for comment.

A spokesman for Maison Martin Margiela told WWD the house does not communicate on individual designers, characterizing its studio as a creative collective with members of long standing which it feeds regularly with new contributors.

with new contributors.

Founder Martin Margiela, often described as fashion's invisible man, did a final disappearing act in 2009, leaving cleft-toed boots, deconstructed fashions and all-white stores among his legacy. Subsequent Margiela collections have been attributed to the in-house, lab-coatwearing team. — MILES SOCHA

IT'S IN THE DETAILS: The Council of Fashion Designers of America and Details magazine have partnered on a men's project to raise funds for the CFDA Foundation. Ten designers, including Marc Jacobs, Tommy Hilfiger, John Varvatos and Thom Browne will create limited-edition pocket squares, with one custom design from each designer to be auctioned off at a Details and CFDA-hosted event on Dec. 4. Another run of 10 pocket squares from each designer will be sold on Bonobos.com starting Dec. 5 for \$100 each, with all proceeds funneled to the foundation.



The other participants are Rag & Bone, Band of Outsiders, Michael Bastian, Billy Reid, Richard Chai and Robert Geller.

VALENTINO'S PARIS MAN: Valentino will show its men's fall 2013 collection in Paris on Inn. 16

Paris on Jan. 16.
Creative directors Maria Grazia Chiuri
and Pierpaolo Piccioli opted for the
French capital in order to "emphasize
a unique brand vision for all the
collections," the company said.

Valentino, which already presents its women's ready-to-wear and couture lines in Paris, unveiled its last two men's collections designed by Chiuri and Piccioli, who took the reins of the men's division in 2009, in Florence during Pitti Uomo, the international men's trade show. — A.T.

With Spice

By KATHERINE BOWERS

BOSTON — The costumes are lighter and leaner to showcase new choreography, Herr Drosselmeyer has been sexied up with a silk corduroy tailcoat and shag 'do and there is a fresco of the Sun King in Act II's Palace of Sweets.

Thanks to skillful work by designer Robert Perdziola, Boston Ballet's new \$3 million version of "Mikko Nissinen's The Nutcracker" has brought a fresh delicacy and sophistication to the Christmas classic while preserving every ounce of the tradition.

Perdziola's new sets and cos-Perdziola's new sets and cos-tumes, which will make their debut Friday at the Boston Opera House, demonstrate a masterful use of lush detail and a keen understanding of the drama that can be conveyed by an ascot tied a certain way. In an ascot tee a certain way. In fact Perdziola, whose credits span from The Metropolitan Opera to Hollywood, knows his way around an ascot: "Interview With a Vampire" and "The Age of Innocence" are two of his big-serven endits screen credits.
"We needed to serve the god-

dess of dance in a new way," says artistic director Nissinen, de-scribing his goal of eliminating the sugary fizz of the previous production, which premiered in 1995. He asked Perdziola for a more controlled, urbane color palette and sleeker costumes to better reveal the dancers' bod-ies, but insisted the final result

remain recognizable to the ballet's considerable fan base.

"When I look at all the 'Nutcrackers' that are taking place today, so many productions are about 'new on new on almost at the expense of what 'The Nutcracker' is about," Nissinen reflects. "We've tried to get back to the heart and roots of why it has survived all these years. I don't look at this as a revolutionary version, but

as a revolutionary version, but more like a very well-detailed and researched version."

Besides, who can afford to mess with success? Boston Ballet's "The Nutcracker" is a local institution — the company is critically acclaimed, but only its Christmas tradition turns a profit. The show sells about \$7 profit. The show sells about \$7 million in tickets, out of which it nets about \$1 million in profits toward its \$32 million operating budget, says Nissinen. The company will perform 43 shows this

year, wrapping on Dec 30. Even though some dancers brace themselves when they hear the familiar strains of Tchaikovsky running in advertisements, "The Nutcracker" is the bedrock of the season – introduces families to ballet and forges relationships with local ballet schools which send little dancers to make cameos as partygoers, pageboys and sweets. (By the end of the season, some 250 children will have chasséd across the stage.) "The Nutcracker," says Nissinen, "is

The Sugar Plum Fairy costume Lasha Khozashvili as an Arabian dancer.

"like a gateway to the art form."

But the company's workhorse production has spent 17 years in the same wardrobe. By any measure, the show has earned its makeover. The old satin bodices of the Sugar Plum Fairy and Snow Queen have darkened where cavaliers' rosined hands have gripped. The yellowy greens and peachy-orange of the Flowers look wilted, dated.

Perdziola has freshened everything up, eliminating any

cloying, creamsicle brightness. Samples were danced in and anything that looked floppy or heavy was pared away. The new flower costume, for example, is literally half the weight of its predecessor. Where the old costume was lace with literal "petal" overskirts that used to flap on leaps, the new flower is a second-skin blushstriped leotard top pared with an asymmetric skirt alive with cloudlike swirls of pink. The

limber new costume is a per-fect foil to Nissinen's new "Waltz of the Flowers" choreography which features failles (a leg-raised leap) and full-turn passés that makes these airy skirts swirl.

Wide hoop skirts have been tossed from the Act I party scene in favor of lean-lined empire-waist gowns that follow leg action better. The snow scene at the end of Act I has gone from a blocky pine forest to a grove of slender, twisting Art Nouveau birches daubed with snowy, silvery paint.
Perdziola replaced the child

angels with pages dressed in lavish searlet coats with billow-ing ivory sleeves — an homage, he says, to the extravagantly dressed child attendants in Prince Charles and Princess Diana's wedding.

Yet he preserved one beloved element from the old production: the bear, whose coat is a masterpiece crafted from hundreds of layers of ruched tulle, which gives a furry ripple as he cavorts on stage. But, in keeping with the new show's more sophisticated flavor, Perdziola gave the bear a new head that's a good deal more bestial and less Teddy.

No item was considered stageready until the gems were scraped vigorously by hand to see if any would pop off. A crystal skittering onto the stage or caught into a pointe shoe? Disastrous.

One costume remains as bulky as ever — Mother Ginger, who gets new panache from a skirt painted with famous Opera halls and a humongous wig pinned with a Viking ship fascinator, complete with pearltipped oars. "It still weighs about 50 pounds," says Bradley Schlagheck, who receives extra "hazard pay" for dancing Ginger on three-foot stilts and with eight children underneath (the real hazard comes, he says, when the little darlings get bored under the skirt and dare each other to poke his legs.)
But the rest of Perdziola's

designs are receiving praise for being more curvaceous and figure-flattering. Tutu bodices are shapely, with sweetheart necklines that suggest breasts.

"The old costumes were so stretched out," says principal Lia Cirio who will dance Sugar Plum Fairy and a number of soloist roles during this year's 43-show run. "You put them on praying they'd fit. Having new costumes is giving everyone new energy.'
Act I, the "reality" po

tion of the story line where Clara attends a party at her uncle's house and is given the Nutcracker doll, sticks to a palette of browns, creams and gold. Amid that warm-toned domesticity, Clara, the only character to wear blue, looks otherworldly,











girl-as-icicle. Fitting because at the end of Act I, the beginning of her dream sequence, she watches snowflakes twirl around an icy King and Queen, the latter who wears a tutu cut jaggedly like a snowflake with silver gilt handflecked onto the edges. When the queen goes into arabesque penché, the audience will see that the tutu's underside is detailed with silver seven-pointed stars and twinkling crystals.

"I've never seen anyone who has taken such care, detail and effort," Nissinen reflects. "I hope this production sets a new standard."

The labor investment has been considerable. For months, there were a half-dayon extra

The labor investment has been considerable. For months, there were a half-dozen extra staff working in Boston Ballet's wardrobe department. Needles whirled through tulle — each tutu required 11 to 13 layers. Perdziola overlapped multiple shades (pale blue, rose, lavender, gray, white) of it to make "white" tutus luminous on stage. Several artisans spent weeks just picking up Swarvoski Elements one-by-one with tweezers and heat-setting them to bodices and skirts. No item was considered stage-ready until the gems were scraped vigorously by hand to see if any would pop off. A crystal skittering onto the stage or caught into a pointe shoe? Disastrous.

Dew Drop alone has roughly 4,000 jewels on her tutu and bodice. "Its unheard of," says Circio, who will dance the role on opening night. "Under the lights, it's going to be insane."

The Nutcracker' is like a gateway to the art form. - MIKKO NISSINEN,

BOSTON BALLET

While Perdziola kept the tone deliberately restrained in Act I, "once we go into the dream, the color emerges," he says. He pulls out all the stops for Act II, the Palace of Sweets. No mere "Candyland," this is an opulent Sistine Chapel with a fresco of Louis XIV seated on a throne amid celestial ballerinas. Perdziola hired a fresco expert just to paint this part of the set.

Perdziola hired a fresco expert just to paint this part of the set. Sugar Plum pirouettes into the fantastic scene in azalea pink; the paisley fleur-de-lis appliquéd onto her tutu are visual sugarplums. Like any savvy celeb working her moment, Sugar Plum changes into a second costume before the pas de deux. This one is cream silk satin with pearls, garnets and delicate cinnabar embroidery, the pattern for which Perdziola drew by hand.

He's happy to spill every detail of Sugar Plum's wardrobe, but won't divulge everything. For instance, there's the mystery of what happens when Herr Drosselmeyer enchants the Christmas tree, an anticipated moment in Act I. Will it still lurch awkwardly upwards as it grows, as in the old production?

grows, as in the old production?
The query draws a smile.
"It was so obviously artificial. It looked like a beanstalk,"
Perdziola says. (It did.) There will be a new special effect, he promises. But some magic must wait until opening night.

textiles

Fiber Innovations Answering the Call

By ARTHUR FRIEDMAN

FIBER FIRMS are stepping up.
From Dow Chemical and
DuPont to Lenzing and Invista,
companies are responding to
consumer needs with fresh
products created from innovative technologies that take into
account state-of-the-art sustainability techniques

ability techniques.

Dow Microbial Control and Huntsman Textile Effects are each addressing the issue of protection against bacteria that can cause fabrics to retain odors and degrade, with silver-based antimicrobials with slightly different properties and applications.

A unit of The Dow Chemical Co., Dow Microbial Control is introducing Silvadur Antimicrobial that provides long-lasting freshness and reliable protection against bacteria that can cause unpleasant odors, decay, rot and discoloration in fabrics. Karel Williams, global strategic marketing manager for hygiene and personal care for Dow, noted that Silvadur combines the longknown effectiveness and safety of silver as an antimicrobial agent with an innovative polymeric de-livery system that infuses silver ions onto fabric surfaces when undesirable bacteria is present.

"Consumers can feel secure in knowing their garments provide intelligent freshness that won't harm them or the environment, and that's very important to us at Dow, as well," Williams said. "Based on Dow's leadership and expertise in microbial technology and the

results of our extensive thirdparty testing, we're confident that Silvadur technology offers game-changing potential for fabric and textile manufacturers, retailers, brand owners and consumers of sports and fitness apparel, socks, intimate apparel and home textiles."

and home textiles."
Silvadur's antimicrobials are offered in an easy-to-apply liquid formulation and can be processed in multiple methods, including pad and exhaust applications. Williams noted that Silvadur products are compatible with natural and synthetic fibers and a broad range of common textile chemical additives, detergents and other finishing treatments. Silvadur has been certified by the International Oeko-Tex Association for its sustainability and is registered to meet REACH requirements in the European Union, This means Silvadur-treated articles are nonsensitizing and nonirritating to humans, it does not release silver particulates into the environment, it is recyclable and reusable during processing applications due to its inherent stability to light and water solubility, and it helps processing plants reduce their overall rawmaterial purchases and usage of energy and water.

Huntsman Textile Effects and HeiQ have formed a strategic alliance to launch Pure by HeiQ, which is also marketed as a high-performance silver antimicrobial that uses silver's inherent qualities to achieve odor-reduction efficiency with minimal dosing. Their technol-



ogy is applied only at the finishing stage by padding on all fibers and fabric types, except wool. Pure by HeiQ is engineered with a silver micro-composite that brings long-term protection and freshness to the fabric for more than 100 home launderings. Similarly, the effect makes it possible to keep garments odor free by inhibiting the growth of odor-causing bacteria and is aimed at products such as socks, activewear and workwear.

The Singapore-based company explained that Pure by HeiQ doesn't require high-temperature curing and has no negative influence on hydrophilicity, handle or breathability. Pure by HeiQ is registered by Bluesign, which offers a seal of approval for environment, health and production safety, as well a resource efficiency in the

production site, and is also certified by the Oeko-Tex Standard 100 scheme for its use in textile applications and consumer products. For a textile to be labeled with an Oeko-Tex Standard 100 certificate, all products and treatments are tested for their safety to humans and the environment.

HeiQ is a Swiss hightech company developing, producing and ingredientbranding high-performance sustainable effects for textiles. Huntsman Textile Effects develops textile solutions across the supply chain, with a commitment to sustainable processing with low environmental impact.

Tricia Carey, USA merchandising manager for the Textile Fibers unit of Lenzing Fibers Inc., said the company's latest commercial introduction is Lenzing Modal Color Carey said, "One advantage of the spun-dyed fiber is its

eco-friendliness — dyeing is no longer necessary as a result of the color pigments embedded directly in the fiber. Resources, such as water and energy, are spared when producing fabrics."

Lenzing Modal Color, which also includes black, claims to use 80 percent less energy and up to 75 percent less water in jet-dyeing compared with standard fibers. The process results in no bleeding of colors, which makes it applicable to products such as socks, lingerie, shirts and loungewear. Lenzing Modal color is produced in an eco-friendly process using the firm's Edelweiss technology. Produced in Austria from beech wood, it is carbon neutral, and up to 95 per-

cent of processing chemicals are recovered during production.

Another development at Lenzing is a partnership with Optimer for blends in Drirelease Tencel and Modal with FreshGuard. Drirelease is a patented yarn technology that enhances the performance attributes of synthetic fibers while maintaining the look, hand and feel of natural fibers. This spunyarn blend is made with 88 percent Repreve recycled polyester and 12 percent Tencel that won't wash or wear out. It also moves moisture and dries up to four times faster than cotton, requires less drying time, leading to energy conservation, and leaves skin feeling up to six degrees cooler.

The product also puts Lenzing in the antiodor game. The FreshGuard Odor



Neutralizer System is built into yarn and inhibits the growth of bacterial odors permanently. The company noted that FreshGuard avoids costs associated with antimicrobial treatments, is machine washable and dryable, resists pilling and wrinkling, has strong stain-release

properties and is UV resistant. DuPont Sorona, which in 2009 was designated by the Federal Trade Commission as a "triexta" fiber, a new generic classification along with other fibers made with PTT, or polytrimethylene terephthalate polymers, is developing new uses. PTTs like Sorona, which replace a petrochemical-based ingredient with one made with a renewably sourced ingre-

dient — corn-derived glucose — requires 30 percent less energy and reduces greenhouse gas emissions 63 percent compared with the production of an equal amount of nylon.

Kathryn Lee, global marketing manager for DuPont Sorona, said the new fiber developments using DuPont Sorona include blending it with a variety of cellulosic fibers such as cotton, wool or rayon to create fabrics that provide comfort stretch with strong recovery to be used in stretch khaki, denim and dress pants and suits. Drawtextured yarn and air-jet textured yarn made with Sorona are providing a high degree of color fastness, resulting in bright or neon colors that dry faster in seamless applications for underwear, sport T-shirts and leisurewear.

In addition, Sorona's UV- and chlorine-resistant performance that stands up to color fading after frequent uses has it being used in swimwear, while its shape memory provides permanent wrinkle-release performance for utilization in trench-coats and outerwear, Lee added. Polartec has introduced

Polartec has introduced Polartec Alpha synthetic insulation, which allows for the use of more open and breathable fabrics on the outer and inner layers of "puffy" style garments. As a result, Polartec Alpha provides active warmth that allows air exchange for breathability and comfort in more dynamic situations. Polartec Alpha also maintains insulation values while wet, and offers dramatically faster dry times than exist-

ing puffy-style fabrics on the market. Highly compressible, it also provides inherent wind resistance and warmth without weight.

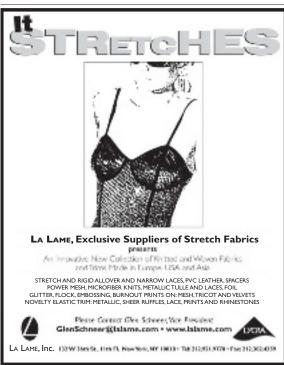
Polartec Alpha was developed to meet the performance requirements of the U.S. Special Operations Forces for a material that was warm, wind resistant, highly durable, quick drying and more breathable than any existing insulation products. Polartec Alpha jackets are in production and will be introduced at trade shows in January and at retail by September.

Invista recently introduced innovative technology to intimate apparel, swimwear, hosiery and denim. For intimates, Lycra fiber W Technology offers a package of enhancements that improves visual and physical fabric uniformity with an optimized luster, dye pickup and new proprietary spinning technology. In swimwear,

Xtra Life Lycra fiber features lasting fit, resists fiber breakage and fit loss caused by sunscreen, pool water and oxidation, and fiber longevity that stands up to the swimwear environment five times longer than chlorine-resistant spandex. In Hosiery, Lycra Xceptionelle hosiery technology provides exceptional fit and comfort and makes it easier to put on hosiery and is designed for the plus-size woman.

Lycra dualFX fabric tech-

Lycra dualFX fabric technology combines Lycra fiber plus Lycra T400 fiber in the same yarn to bring high levels of stretch and shape retention to denim fabrics and garments. The technology has been so well received in denim it is moving into piece-dye fabrics.





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Disney Doing Handbags With Dooney & Bourke

By AMANDA KAISER

TOKYO - Disney and Dooney & Bourke are launching a line of handbags and small leather goods, hoping to tap into Japanese women's penchant for character goods and cutesy accessories.

The initiative features a lineup of tote bags, wallets, small shoulder bags, pouches and subway pass cases. Made of plasticized canvas with leather trim, they feature two design motifs, one of a black-and-white Mickey Mouse comic strip and the other featuring red Minnie Mouse bows against a black background. The silhouettes and shapes are quite similar to the bags Dooney & Bourke created for the Disney theme parks in the U.S. and Disney Store e-commerce site.

The goods will retail at the Disney Store's 46 locations in Japan as well as its Japanese e-commerce site as of today. Prices range from 3,500 yen, or about \$43, for a cosmetics case to 28,000 yen, or \$344, for a large tote. They are made in China.

The Japanese subsidiary of The Walt Disney Co. unveiled the goods Monday at a press presentation here, where Japanese models posed playfully for snaps with tartan jacket-clad television presenter Terry Ito.

Toru Ando, vice president and general manager for Japan's Disney Stores, explained that the animation giant's retail network in Japan is increasingly catering to young working women, young mothers and college students with a fashion-oriented merchandise mix heavy on accessories. The Dooney & Bourke bags specifically target women in their 20s and 30s, he said

We sell many things as you can see, but bags are one of those four pillars we think that we can do the best," said Ando, adding that the other areas of focus are plush toys, mobile phone accessories and jewelry. We really, really think there is a huge opportunity

The Disney executive declined to give a sales forecast. Ando, a former Ermenegildo Zegna Japan and Gucci Japan executive, said the Disney Store has seen success with the low- and midrange handbags it has sold in the past and it hopes to capitalize on that momentum.

"Because of my background, I know women here love bags and accessories, small leather goods," he said.

In line with Disney Japan's fashion push, Ando said the company is preparing to expand its jewelry offering next year, although he declined to give specifics

Earlier this month, Disney Japan opened a new Disney Store retail concept catering to young women. Located in the Kashiwa Takashimaya Station Mall in Chiba, the store features ivory interiors with floral accents





Bags from the collection.

Qatar Turns an Eye on Italy

Persian Gulf over the weekend, meeting with institutional figures and the business community in Kuwait City, including Sheikh Sabah al-Ahmad al Jaber on Sunday. The goal of Monti, who is also visiting the United Arab Emirates, is to present Italy as a reliable country, which can attract foreign investments and is open to collaborations with the Gulf.

Qatar's prime minister also revealed that he is working with the Italian government to reach another agreement, valued at 1 billion euros. or \$1.27 billion, to support Italy's small and medium-size companies

'Monti has succeeded in restoring Italy's credibility and faith in the country's potential at an international level," said JTG Consulting founder Tomaso Galli, who has worked for brands such as Gucci and Prada, and who has consulted with Versace and Ermenegildo Zegna.

"He may be criticized locally for the government's fiscal pres-sure or its limited measures to spur growth, but he is very credible around the world and I continue to see that during my trips," said "He is doing what a prime minister should be doing, what the French and the English have done for decades and Italians have done very little so far. All this is very helpful for Italian companies.

Federico Steiner, partner and general director of Barabino & Partners consultancy, which works with Brunello Cucinelli, among others, said, "the issue of attracting foreign capital in Italy has always been a problem and such an initiative is more than welcome." He noted that Italy is emerging from a period when it projected the image of an "unreliable country slowed down by a rigid bureaucracy.

These are "fundamental initiatives" that help draw countries with big financial resources to Italy. Asked to name fashion brands that would be appealing to investors, Steiner said they would have to be "important at an international Investments in smaller, family-run businesses are "more complicated," he reasoned, as they are less open to dealing with outside investors. "Clearly, we would rather welcome investors that sup-port Italian companies to grow and expand, or foreign companies willing to invest in Italy so that they can also produce here and create new jobs, more than those that are here only to shop for Italian brands.

Mario Boselli, head of the Italian Chamber of Fashion, concurred, willing to see investors provide "resources that can help companies achieve their full potential while maintaining their identity.'

He praised French conglomerates such as PPR and LVMH Moët Hennessy Louis Vuitton as "examples of excellence," expanding the Italian companies under their um-brellas. "The ideal situation would be to maintain both production and management in Italy," said Boselli. According to speculation here,

Qatar investors may have Versace and Dolce & Gabbana in their sights, but a luxury goods analyst here, who spoke on condition of anonymity, said "Qatar has plenty to deal with already, and the names that periodically appear in the papers are pushed forward by the banks interested in securing new deals. Domenico Dolce and Stefano Gabbana have repeatedly said they don't want to sell; Giorgio Armani is not interested; there are no transactions going on at Versace; Trussardi, Ermenegildo Zegna, Loro Piana have no plans to sell. These are all big, solid names to put out there in the papers, but it's not the same as signing on the dotted line."

Various investment vehicles from the Arab state have been on a luxury and retail spending spree the past few years. In July, Mayhoola for Investments. backed by a private investor group from Qatar, agreed to acquire Valentino Fashion Group SpA. Qatar Holding LLC took control of Harrods for a reported \$2.22 billion in 2010; it has a 1.03 percent stake in LVMH and a 5.2 percent share in Tiffany & Co. It also bought 26 percent of British supermarket J. Sainsbury in 2010. Last year, Qatar became the largest shareholder in French media group Lagardère SCA, with a 12.8 percent stake.

Foreign investors are taking a closer look at Italian companies that boast superior craftsmanship and heritage. "Traveling around the world, you realize how credible Italy is and how foreigners are fascinated by the European and Italian way of life," said Brunello Cucinelli, whose company went public in April.

Italy's joint venture with Qatar comes at an opportune time, a moment of transition for the Italian fashion industry, which faces significant growth challenges, generational shifts, austerity measures, high labor costs and general malaise in the euro zone. Tackling these challenges on a daily basis, entrepredifferent options, which range from a public listing to partnering with cash-rich partners or selling off.

According to the Fashion Economic Trends study published by the nation's Chamber of Fashion, the Italian fashion industry's rev enues in 2012 are expected to fall 5.6 percent to 60.2 billion euros, or \$78.3 billion at current ex-

> Moncler is among the Italian brands possibly seeking investment through an IPO.

change compared with 2011. Business is expected to pick up in

the last quarter but still fall below the levels of the fourth quarter last year. Exports in 2012 are forecast to drop 2.4 percent to 41.6 billion euros, or \$54.1 billion.

Recent successful initial public offerings include Salvatore Ferragamo, Prada and Brunello Cucinelli, while Missoni, Roberto Cavalli and Versace have all insisted on keeping their companies private.

recently. Most Pomellato chief executive officer Andrea Morante said he was evaluating a public listing. Global markets might be uncertain, but Italian fashion firms continue to see an IPO in their future. Moncler, which shelved an IPO last year; Pianoforte Holding, which comprises accessories brand Carpisa, innerwear and beachwear brand Yamamay, and swimwear brand Jaked, and men's wear group Stefano Ricci all confirmed they continue to eye a stock-market flotation down

Sometimes seeking funds in the private sector means going outside Italy. The fact that the new owners of Bulgari and Valentino are not Italian has triggered strong media reaction and laments of what some perceive as the flight of Italian brands from the country. Bulgari was taken over by LVMH last year. Tailored men's wear brand Brioni moved under PPR; London's Goga Ashkenazi took control of Vionnet, once French but more recently owned by Italian entrepreneurs Matteo Marzotto and Gianni Castiglioni; Gianfranco Ferré was bought by the Dubai-based Paris Group; investment firm Eurazeo of Paris took over Moncler, and private equity firm Pai Partners, also from Paris, took a majority stake in Marcolin, with plans to delist the evewear maker

Shmidman Joins Sequential Brands Group

By VICKI M. YOUNG

SEQUENTIAL BRANDS GROUP has a new chief executive officer, Yehuda Shmidman. Shmidman joins the brand-management and licens-

ing firm today and will be working to build a platform of intellectual property assets involving lifestyle brands that have the potential to grow in other categories as well as have global recognition.

Shmidman succeeds Colin Dyne, who left the company to pursue other opportunities. Shmidman was formerly chief operating officer at Iconix Brand Group. He joined Iconix in 2005, the year Iconix became a pure-play brand-management firm. While there, he headed global business development and was involved in many mergers and acquisitions initiatives, before being named chief operating officer in 2011. During his tenure, Iconix grew from a small five-fashion brand to a company with more than 25 brands generating more than \$360 million in licensing revenue across a broad range of sectors.

Shmidman said, "Sequential is looking for globally known brands with recognizable IP assets....We are looking at middle-market or smaller emerging brands, and we have a focused list of lifestyle brands that have category growth.

William Sweedler, chairman of Sequential, said, "With Yehuda's proven track record, we are confident that we have the leader in place to execute our brandmanagement and licensing playbook going forward. Sequential is embarking on the launch of the William Rast brand at J.C. Penney, and it has signed new cornerstone licensing agreements for its DVS and People's Liberation brands

According to Sweedler, the plan for Sequential is to

acquire the IP assets of two dozen brands over the next five years.

Sequential is an over-the-counter publicly traded firm formed through the acquisition of People's Liberation Inc., Sweedler's private equity firm Tengram Capital Partners, a separate business that is unrelated to Sequential, in February provided a \$14.5 million investment to Sequential, which will be used in part for acquisitions under the brand management firm's umbrella.

The William Rast shops-in-shop at J.C. Penney are slated to launch in 600 locations in January, and will initially feature men's sportswear and denim offerings, as well as some accessories products.

Sequential competes with firms such as Iconix and Authentic Brands Group, the stalking-horse bidder for the assets of bankrupt HMX Group. These brand-management and licensing firms are part of a new group of acquirers who are competing with private equity and strategic firms for branded assets in the mergers-andacquisitions space.

73 Arrested in China Counterfeit Sting

{Continued from page one}

Coalition, said the crackdown by the Chinese government was unprecedented related to the luxury goods market and the number of arrests made.

'We've always believed that China could do far more [in counterfeit enforcementl and obviously this is a great step in the right direction," Barchiesi said, "I believe there is a lot of pressure from the U.S.

government now on China to step up to the plate to protect the IPR of U.S. companies.

Although there are no exact numbers of the total losses to trademark owners from all counterfeited products globally, the most recent figure available in an Organization for Economic Cooperation & Development report covering 2008 to 2009 estimated the loss

at \$650 billion. That estimate only focused on cross-border sales of counterfeits and did not include online sales of counterfeits or in-country sales of bogus goods.

Barchiesi estimated that between 75 to 80 percent of counterfeit goods seized by U.S. Customs and Border Protection are manufactured and imported from China.

"It is the counterfeit workshop of the world," he said.

'It is still rampant and much more challenging now because the counterfeiters have changed the

China maintained its status as the number-one source of counterfeit products and pirated goods confiscated, accounting for 62 percent, or \$109.9 million, of the total domestic value. The number of seizures from China rose to 13,592 from 12,200 a year earlier.

After emphasizing the importance of joint operations with foreign authorities in cracking major

ESTIMATED LOSS TO TRADEMARK OWNERS FROM GLOBAL COUNTERFEITS ACCORDING TO AN ORGANIZATION FOR ECONOMIC COOPERATION & **DEVELOPMENT REPORT COVERING 2008 TO 2009.**

> China-based counterfeit rings, Chen Hongbo also said foreign countries where counterfeit goods from China often end up need to take some responsibility for these

cases of intellectual property theft.
"If there was no market demand for these counterfeit products, people would not risk producing them and facing the harsh criminal punishments that result," he said.

Chinese counterfeits a hot-button topic on Capitol Hill and have been a top priority for the Obama administration.

sectors," according to the U.S.

Trade Representative's office. In its "Special 301" report in April, USTR said China had made some improvements during the campaign in 2011 in the enforcement of counterfeit hard goods, including apparel, cosmetics, audio-visual products and pharmaceuticals.

"In summary, U.S. rights holders in the trademark and copy

right sectors have reported that enforcement agencies in China were markedly more active in conducting raids. seizures and arrests during the Special Campaign, USTR said in its report. "It also appears that during the Special Campaign the Chinese government focused its efforts with respect to infringement that occurs online in a manner that was meant

to ensure that online entities were more responsive to requests from rights holders to remove infringing materials. At least one industry submission commented positively that the Chinese Government's ef-forts during the Special Campaign generated goodwill' among rights holders and sparked some hope that a recognition of the need for IPR protection and enforcement in China may finally be starting to take root.

However, USTR said "significant concerns persist in light of continuing high levels of trademark counterfeiting and copyright piracy, including over the Internet, the persistence of notorious physical and online markets selling IPRinfringing goods, the manufacture and availability of counterfeit pharmaceuticals...and the export of counterfeit goods of all sorts.

Louis Vuitton and Hermès were contacted for comment but had not responded as of press time. Coach was pleased with the effort.
"Coach is extremely pleased

with today's announcement," said Nancy Axilrod, vice president and deputy general counsel of Coach Inc., to WWD. "It was through the hard work and dedication of the Chinese government that thousands of counterfeit goods were seized. The illegal activity of counterfeiting is a serious problem, which Coach works hard to deter. Actions taken by governments such as China and the United States provide invaluable help in our common goal of putting an end to counterfeiting.

Online Shoppers Often Duped Into Buying Fakes

five bargain hunters shopping for goods online in the U.S. and Europe are duped into buying bogus apparel and luxury goods from counterfeit Web sites, a new MarkMonitor Shopping Report revealed.

The MarkMonitor study found that for every shopper looking for fake merchandise online, 20 other shoppers were simply looking for bargains and 20 percent of them mistakenly ended up on counter-feit sites and purchased illegal products.

Underscoring how rampant counterfeiting remains in the U.S., a sixmonth counterfeit crackshopper will spend \$419 online this holiday season, a 12 percent increase from last year, according to Forrester Research, as cited in the study.

MarkMonitor, an intellectual property and science business that is part of Thomson Reuters, worked with Nielsen's online panelists in six countries over a nine-month period analyzing some 8.000 Web sites selling legitimate products and 1,000 selling counterfeit goods Analysts monitored 5 million shopping "sessions" online and focused on search terms that shoppers used such as "fake," "replica," "cheap" or "discount" to determine what

The study found that for every shopper looking for fake merchandise online. 20 other shoppers were simply looking for bargains.

down by U.S. Immigration & Customs Enforcement officials in California's Orange County, dubbed "Operation Fashion Faux Pas" resulted in nearly \$1 million in fake purses, jewelry, sunglasses, cos-metics and perfumes bearing counterfeit trademarks of more than two dozen brands, including Louis Vuitton, Gucci, Rolex, Hermès and Chanel, officials revealed on Friday.

The stakes are high for apparel and luxury goods brands that stand to lose billions of dollars each year from counterfeits. About 43 percent of people aged 16 to 74 in the European Union made a purchase on the Internet, while shoppers in the U.K., Germany and France recorded much higher rates of online purchases, according to Eurostat. In the U.S., the average

motivates shoppers when making online purchases.

"Consumers are being waylaid by rogue commerce sites, causing brands to lose business, said Fredrick Felman, chief marketing officer of MarkMonitor. "The findings from our Shopping Report underscore the importance of developing proactive protection strategies in the digital age.

The study charged that Italian and French online shoppers are "three to five times more likely than Swiss and German online shoppers to visit counterfeit sites."

Researchers advised brands to buy terms like "discount" outlet or other bargain-related terms and registering domain names with the terms to ensure that potential customers find their sites

– KRISTI ELLIS

We've always believed that China could do far more [in counterfeit enforcement] and obviously this is a great step in the right direction.

– BOB BARCHIESI, INTERNATIONAL ANTICOUNTERFEITING COALITION

way they have done business on the Internet and with virtual warehouses, shipping many more and smaller shipments to the U.S., which makes it more difficult for Customs officials to intercept the shipments.

U.S. federal authorities made 7,392 seizures of counterfeit apparl in the year ended Sept. 30, 2011, the most recent government data available, accounting for 25 percent of the total and up from 4,338 a year earlier.

Government trade agencies monitor and report on the rampant spread of counterfeits from China as well as its efforts to increase enforcement of counterfeiting and

November 2011 and "resulted in some improvements in targeted

pirated products. The Chinese government launched a "Special IPR Enforcement Campaign" in 2010, which was made permanent by Chinese Premier Wen Jiabao in

Urban Outfitters Net Rises on Record Sales



By SHARON EDELSON URBAN OUTFITTERS INC.

on Monday reported net income of \$60 million for the third quarter ended Oct. 31, a 17.6 percent increase from \$51 million in the same period of 2011. Net income for the nine months ended Oct. 31 was \$155 million, a 6.9 percent jump over \$146 million for the prior year's nine-month period. Earnings per diluted share were 40 cents and \$1.06 for the three and nine months, respectively.

The retailer said net sales 14 percent to a record \$693 million in the third quarter, versus \$609.9 million in the year-ago quarter. Comparable retail segment net sales, which

include the direct-to-consumer channel, increased by 8 percent for the quarter, while samestore net sales decreased by 1 percent. Comp-store sales at Free People rose 24 percent; Urban Outfitters, 7 percent, and Anthropologie, 6 percent. Directto-consumer net sales increased by 36 percent and wholesale segment net sales rose by 7 percent.

Frank J. Conforti, chief financial officer, said Hurricane Sandy impacted the last four days of the quarter, with "106 of our stores affected by Sandy. Closures ranged from a few hours to a week. The direct-to-consumer channel was negatively impacted by power outages in the Northeast. Sandy could have affected our total retail segment comps by up to 1 percentage point.'

As of Oct. 31, total inventories increased by \$28 million, or 8 percent, on a year-over-year basis. Comparable retail segment inventories were flat and store inventories fell by 6 percent. Selling, general and administrative expenses as a percentage of net sales for the three months rose by 75 basis points due to higher incentivebased compensation.

The direct-to-consumer channel in September had the highest sales of any month in its history. International direct sales shot up 66 percent, with Australia posting a 155 percent gain. Freepeople. co.uk was launched this year and Urban Outfitters unveiled three new stores in Germany in addition to launching urbanoutfitters.co.ge. "The European business has produced doubledigit increases with 20 stores, said Tedford Marlow, ceo of Urban Outfitters Group.

Chairman, president and chief executive officer Richard Hayne said, "The European direct-to-consumer business is the fastest growing business.

Conforti said the company in 2013 plans to open 49 new stores, including 18 Urban Outfitters units, 15 Free People stores, 14 Anthropologie locations and one store each for Terrain and BHLDN.

Margaret Hayne, Richard's wife and president of Free People, said the brand opened an 800-square-foot in-store shop at Nordstrom's Seattle flagship with exclusive product, fixtures and displays that it hopes to replicate in other Nordstrom units.

FOR A BIOPIC about arguably cinema's greatest master of suspense, there was not much mystery at the premiere of 'Hitchcock" on Sunday night at the Ziegfeld Theatre in New York - save for maybe the puzzling presence of Jon Voight. The trenchcoat-clad actor, who had no apparent affiliation with the film, joined a bevy of the film's stars on the red carpet. Apprehension-inducing maybe, but not exactly the stuff of "Alfred Hitchcock Presents.

As Anthony Hopkins, who portrays the legendary director, was absent, Helen Mirren, who plays the director's wife. Alma Reville, took center stage.

"The inspiration, the real person, was [a strong woman], so I wasn't playing a concept," the Dolce & Gabbana-clad actress said. "I was hopefully playing a concept of the real woman.

Mirren was joined on the carpet by cast mates Scarlett Johansson, Jessica Biel, Toni Collette, James D'Arcy, Danny Huston and

Ralph Macchio.

Johansson, bringing up the rear of the night's arrivals at the Peggy Siegal Co.-hosted event, flirted her way down the press line in a sleek Rodarte cocktail dress, carefully maneuvering questions about her role in the upcoming "Captain America" sequel.
"You think I can tell you that?" the

actress asked back.

Johansson was, however, game to answer the evening's most prevalent question: What is your favorite Hitchcock film?

"Strangers on a Train," she offered before hustling into the theater, "I think as a child I responded to the carousel

An Oscar de la Renta-clad Biel stuck to the popular vote, the night's film within a film, "Pyscho." Although the newlywed was

tight-lipped on plans for her first Thanksgiving as a wife, she appeared ecstatic to see new husband **Justin** Timberlake once inside the theater. The fedora-wearing singer, already seated towards the middle of the audience, returned the sentiment, planting a kiss on his new bride's forehead as the lights dimmed. Timberlake was M.I.A. at the film's after party, held at the nearby 21 Club, where Biel schmoozed with industry folks over a glass of Champagne.

- LAUREN MCCARTHY









David Geffen: A Mogul's Run

WWD.com/eye.

REVERED BY some and reviled by others, music mogul David Geffen has found more fame and fortune over the last 40 years than he ever dreamed possible as a working-class kid growing up in Brooklyn. The highs and lows of that career, which began in the mail room of the William Morris

Agency in 1964, are the focus of the two-hour documentary, "American Masters Inventing David Geffen," which makes its debut tonight on PBS.
But director Susan Lacy does more

than offer sycophantic praise to the man who launched the early successes of Joni Mitchell, the Eagles, Crosby, Stills and Nash, and Jackson Browne, then went on to produce "Cats" and "Dreamgirls" on Broadway, and

cofounded DreamWorks SKG with Steven Spielberg and Jeffrey Katzenberg — the first new Hollywood studio in more than 50 years.

With a well-edited mix of celebrity

interviews, archival footage and Geffen's own conversations on camera, which are

a first for the notoriously shy billionaire, "Inventing David Geffen" paints an unflinching portrait of a man driven by insecurity. "Underneath, I think David is still that kid

from Brooklyn who thought he was stupid and believed that he would have an ordinary life. That fear drove David hard and shaped his life. That, more than anything else, is what I wanted to convey here," Lacy told WWD in September, when the documentary screened at the 2012 Toronto

International Film Festival.

The Emmy-winning creator and executive producer of the "American Masters" series makes audiences feel an unlikely connection to Geffen, particularly when he is hurt and betrayed by singer Laura Nyro.

This woman was an amazing artist and so ahead of her time," Lacy said as she sat in the lobby of Toronto's Ritz-Carlton. When Nyro played the Monterey Pop Festival in 1967 the unusual singer was booed off the stage. "She came out with these long fingernails and long black dress. She was Goth before Goth was cool. But David had this great ear," said Lacy. "He heard Laura and her story and it got him interested."

When the William Morris Agency would not represent Nyro, Geffen became her manager and established a publishing company with the tourshy performer so that other musicians would record her songs. A number of artists recorded Nyro's tunes between 1968 and 1970, including The 5th Dimension with "Wedding Bell Blues" and Barbra Streisand with "Stoney End." Despite all that Geffen had done for her, Nyro eventually chose Columbia Records over him. Even today, as Geffen approaches his 70th birthday, viewers can see that the pain of this betrayal has not been erased.

"David's a billionaire, but he's human," said Lacy. "David rewards loyalty with loyalty and he's honest about his mistakes. But he could be any person walking the planet. The only difference is that he was willing to chase his dreams in a way few individuals do.'

With a striking ability to turn adversity into opportunity, Geffen did whatever it took to build a life far removed from his Jewish parents corset business in Brooklyn, Lacking the education to join the William Morris Agency, Geffen faked his application, claiming that he was a UCLA graduate.

He later spent six months scouring the mail room to intercept and alter a letter from the school exposing his lie. On the way up, Geffen taught himself to read memos upside down so that he could learn what the senior agents were up to. He also learned the art of the deal, a skill Geffen executed with ruthless anlomb when he founded Asylum Records in 1970, Geffen Records in 1980 and the Geffen Film Co. that same year.

"Inventing David Geffen" also covers the mogul's 18-month affair with Cher, which tossed him into therapy after he was dumped for Gregg Allman. The



documentary highlights some of his gaffes, including sneaking pot onto a plane intended for David Crosby and telling Clint Eastwood how to reedit his movie when Geffen was a hotshot film executive at Warner Bros.

"David's made mistakes, but he's accepted the arc of his life," said Lacy. "He's flawed and has many faces. But I think everything David has created was a way to make a family and be accepted. That, plus his shyness and lack of arrogance, truly surprised me

- CONSTANCE DROGANES



Bumble's Gordon Stays Upbeat

MICHAEL GORDON, the founder of haircare brand Bumble and bumble, who was briefly arrested on charges of tax evasion late last week, reappeared on Monday with a determination to carry on.

A clearly exhausted Gordon had one statement to make about his stint in jail. "This too shall pass," he told WWD Monday. He declined further comment on the matter. However, Gordon managed to summon the confidence to talk about the future, including the development of products inspired by his classic Bumble and bumble Surf Spray, a 2000 hit.

His legal troubles date back to September 2006, when Gordon re-ceived \$29.6 million for selling his stake in Bumble and bumble to the Estée Lauder Cos. Inc. Internal Revenue

Service agent Eric Nieves obtained the hairdresser's U.S. Individual Income Tax Returns to find the sale price not reflected on the return, according to the complaint filed by IRS. Gordon reported that his adjusted gross income was \$1,350,883, his taxable income was \$1,124,844 and the state owed him a refund in the amount of \$39,298.

According to the affidavit, Nieves obtained information from a confidential source that had personally known Gordon for the past seven years. According to the affidavit, which drew upon information from the informant, Gordon allegedly sought ways to hide the money from the IRS, including sending it overseas to avoid paying taxes on that income - JAYME CYK

MEMO PAI

FRANK DISCUSSION: Frank Bennack Jr. was at the Paley Center Friday in the latest in a series of interviews with media moguls, when the inevitable question of succession came up again.

He is 79 now and in his second tour of duty as chief executive officer of Hearst Corp. He has also been sounding like a man on a farewell tour. In recent interviews promoting the company's 125th anniversary, he has openly discussed retirement, and told the Financial Times in September chief operating officer Steven Swartz is his choice to be the next ceo.

But another year has passed, and still Bennack is at the helm. During the interview with Paley president **Pat** Mitchell, he sounded like someone in no hurry to call it quits.

'We do have a timetable. We haven't announced it officially. I've said that I've chosen Steve [Schwartz] to become ceo, and clearly, it's his job to lose as

my successor," he said. "We'll announce it to our employees first and then to the rest of the world.

Bennack officially retired in 2002 but returned to the company in 2008 after his then handpicked successor, Victor Ganzi, departed over disagreements with the

Hearst family.

Bennack steered
the company through a brutal time for the industry, and then to come to grips with the Internet. His notorious stinginess allowed

Hearst to weather the recession better than some competitors, and make some major acquisitions, like Hachette Filipacchi's magazines, including Elle.

n

The spending has continued this year with the purchase of the unsexy, but potentially lucrative medical database Milliman Care Guidelines.

Like his counterpart at Condé Nast, Chuck Townsend, himself the subject of a recent Paley Center sit-down, Bennack is high on the print business.

And as for figuring out how to make money online and on tablets, he seemed satisfied with the state of things so far.

"Twenty percent of our revenues this year are going to be from digital sources," he said. "That's a good start for a 125-year-old company that was

publishing afternoon newspapers." In 1990, Hearst had the foresight to buy a 20 percent stake in ESPN, which turned out to be a savvy investment. Bennack is still bullish on television, and suggested one of Hearst's magazines is working on a brand

extension into cable, though he didn't

But the television business, he said, isn't for everyone. New Cosmopolitan editor Joanna Coles will be disappointed to hear Bennack thinks the American edition of Cosmo shouldn't be on television, much like Coles Marie Claire dipped into it with its involvement in "Project Runway.

Television is a voracious medium. It eats up creative content, and you worry: does it undermine the core franchise?" he said. — **ERIK MAZA**

DAVE'S DONE: David Zinczenko is done as the editor in chief of Men's Health after 12 years on the job, Rodale confirmed Monday. During his tenure, Zinczenko became synonymous with the men's magazine through his frequent television appearances and fitness and health selfhelp books. The magazine also expanded vastly in the last decade, eventually

spawning 18 new international editions. and last year Zinczenko was rewarded with a new corporate title. general manager of the Healthy Living Group, which includes Women's Health and Prevention magazines. This year, the ad pages of the Men's magazine declined about to Media Industry Newsletter.

Rodale chief executive officer
Maria Rodale told the New York Post, which first reported

the news online, the company began the conversation to plan long-time editor's exit. And the break is clean as Zinczenko made clear in an all-caps afternoon tweet: "A great adventure begins." His replacement is Bill Phillips, who had been in editor of the magazine's Web site. — E.M.

OFFIR TO KORS: Ron Offir has joined Michael Kors Holdings Ltd. as senior vice president of its e-commerce division. He will be responsible for leading the company's new global e-commerce business and reports to Jaryn Bloom, president of retail at Michael Kors

Most recently, Offir was president of e-commerce and retail at The Jones Group. Earlier, he was president of Kompo E-Commerce Solutions and divisional vice president of -commerce at Coach Inc. At Jones. Offir's responsibilities were absorbed by **Scott Bowman**, group president of global retail and international development. — LISA LOCKWOOD

OBITUARY

Gottex Founder Lea Gottlieb, 94

By LISA LOCKWOOD

LEA GOTTLIEB, who injected glamour into the swimwear industry as founder and designer of Gottex, died Saturday at her home in Tel Aviv of natural causes. She was 94.

Born in Budapest, Gottlieb, her late husband, Armin, and their two daughters were survivors of the Holocaust. In 1949, the family emigrated to Israel, where they started selling rainwear before moving onto swimwear, which better matched the country's climate. They

founded Gottex (a combination of their last name and the word 'textiles") in 1956 and built it into one of the world's most successful swimwear companies. Gottex was sold in more than 100 countries and was worn by such celebrities as Elizabeth Taylor, Princess Diana, Brooke Shields, Sophia Loren and Nancy Kissinger.

As chief designer, Gottlieb was active-ly involved in every facet of design, from choosing the fabrics to overseeing the samples. Her collection, in bold eye-catching

colors, florals and prints, expanded from swimwear to pareos, caftans, tunics, skirts, pants and jackets in fabrics that matched the swimwear. The line staged elaborate fashion shows and became an important resource at stores such as Neiman Marcus, Saks Fifth Avenue and Bloomingdale's.

"Lea certainly was one of the giants of the industry who had the vision, courage and fortitude that created a totally new bar. She was someone that combined the passion of her work with compassion for people and we will miss her dearly," said

Michael Gould, chairman and chief executive officer of Bloomingdale's.

For much of its history, Gottex remained a family business. Lea Gottlieb was at the helm, her late husband was in charge of the company's administration and finances; her daughter Miriam Ruzow ran the Gottex operations and showroom in the U.S., and her late daughter Judith Gottfried assisted her mother and designed a line for the local market.

In 1997, Gottex, which was generating \$60 million in sales, was sold to Africa-Israel Group, a real estate conglomerate in Tel Aviv. After a year heading the design

team, Gottlieb left the company, and once her non-compete expired, at the age of 85, she founded a new swim-wear line under her own name for Tefron.

Known as a work-horse who found design inspiration all over the world, Gottlieb would start her day at five in the morning by sketching new swim-wear designs. Gottlieb, then 87, told WWD in 2004: "I like to be busy. I am happy when I have a lot to do."

Gottex is establishing an archive and exhibition at the Design Museum of Holon in

Israel, planned to open in March.

Gottlieb was honored both in Israel and around the world for her accomplishments. In 2005, she was voted one of the 200 greatest Israelis of all time and was included in the book "Great Jewish Women" by Elinor Slater for her contribution in helping Israel develop its fashion industry.

In addition to her daughter Miriam, Gottlieb is survived by her son-in-law. Stephen I. Ruzow, six grandchildren and 11 great-grandchildren. Her daughter Judith died in 2003.



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