

**O**n a sunny Monday morning on Park Avenue in Manhattan recently, employees of the world's third largest auction house settled down for another week of selling desirable objects to customers all over the world. As staff at Heritage Auctions logged on to their computers, three desks in the office remained conspicuously empty. Matt Rubinger, the company's 26-year-old expert in designer handbags and head of its luxury accessories division, was nowhere to be seen. Two other members of his staff were also no-shows. The reason for their absence soon became clear. All three had been hired by rival auction house Christie's to breathe new life into its own luxury accessories business.

Shortly afterwards, on June 13, Heritage Auctions filed a lawsuit against Christie's, seeking \$60 million (£35 million) in damages and lost profits for alleged corporate raiding, unfair business practices, misappropriation of trade secrets and "inducing, aiding and abetting" the trio to violate their fiduciary duties. The Texas-based company also vented its rage at what it saw as a breathtaking betrayal by the suave and debonair Rubinger, who had been regarded as its rising star. He and his assistants, Caitlin Donovan and Rachel Koffsky, are being sued for breach of contract.

Christie's, the world's oldest auction house, launched a counterattack, calling the lawsuit "completely without merit". A spokesperson added: "We are prepared to vigorously defend these claims and Christie's decision to expand our existing handbag department."

You might think that this is a lot of fuss about something trivial. One can understand auction houses vying for the expertise of people who can authenticate Picassos or Rothkos. Why is it handbags at dawn over a whiz-kid who knows all about expensive totes?

The impending corporate battle offers a fascinating glimpse into the rarefied world of auction houses, and how the luxury accessories market is seen as an important opportunity for growth. Watches and jewellery are already a significant part of their business and pre-owned luxury handbags are bringing in big bucks, too.

Jeff Rabin, one of the principals of Artvest, a Manhattan-based art and finance advisory firm, says: "When the price point for handbags, especially limited-edition or rare pieces, reaches a certain level, you could make the case that they are not dissimilar to works of art."

In this emerging market, Chanel and Louis Vuitton are popular, followed by Gucci, Prada and Céline. But the really big bucks are being spent on Hermès handbags – the Kelly and Birkin models especially.

**Matt Rubinger**



## Heritage Auctions filed a lawsuit against Christie's for \$60 million in damages. It's handbags at dawn over a whiz-kid who knows all about expensive totes

Last year, bidding for a 2012 crocodile-skin Birkin started at \$40,000 and was sold for \$106,250. A 2013 grey, blue and green bag went for \$32,500, more than four times its starting price. A 2010 Birkin fashioned from the single skin of a large ring lizard fetched \$37,500. Bidding on a shiny, electric-blue crocodile-skin Birkin, described as being "too beautiful to leave in the closet", began at \$30,000 and reached \$81,250.

Heritage claims the record for the most expensive handbag ever sold, described as an "Hermès Exceptional Collection Shiny Rouge H Porosus Crocodile 30cm Birkin Bag with Solid 18K White Gold and Diamond Hardware". It was snapped up by an anonymous bidder in 2011 for \$203,150. Five and six-figure prices for Birkins are no longer unusual.

Why are the handbags, named after the British-born Parisian pop singer and Seventies fashion icon Jane Birkin and manufactured since the Eighties, so desirable?

Elodie Couturier, head of the luxury accessories and jewels division at Fine Art Auctions Miami (FAAM), says Hermès is

a key symbol of French luxury and its handbags are "the embodiment of elegance and good taste".

"Most of the artisans come from Les Ateliers Grégoire, which specialises in saddle-making and other traditional leather skills," she says. "Only after many years working on small pieces can artisans begin working on the bags themselves."

The company cultivates rarity by releasing the handbags in limited quantities and colours and on unpredictable schedules. It is possible to walk into a store and buy a Birkin off the shelf, but most women will join a waiting list for custom-ordered bags, which have to be submitted to Hermès for approval.

Birkins are coveted by rich women all over the world or those who are prepared to save up the £4,000 to buy one. Victoria Beckham, Kim Kardashian and Reese Witherspoon are all fans. In Monaco, the white leather version is a status symbol for the tax exiles. Tamara Ecclestone has a white one, too, and a yellow, orange, pink one as well, in a special cabinet in her London home that houses her 20-strong collection.

Sasha Slater, deputy editor of *Harper's Bazaar*, describes a Birkin as "slouchy and capable of holding almost anything from a bottle of Pernod to a baby".

Women will go to great lengths to procure one, even if it means waiting for months. When it is bonus time in the City, male traders will splash out on cars or handcrafted shotguns for bagging grouse, but female brokers want to bag a Birkin. Two years ago, a group of female traders heard that the waiting list was opening up at the Hermès store in Dublin. They booked easyJet flights, turned up at the store, put down hefty deposits and flew home the same day. They returned 18 months later when the bags were ready.

"Instead of jumping through hoops to get a Birkin in a store, for a few dollars more you can buy one in an auction and it's FedExed to you overnight," says Michael Tonello, author of *Bringing Home the Birkin* (published in 13 languages).

Matthew Rubinger bought and sold his first handbag for his mother on the internet when he was just 12, living with his brother and his parents in Chappaqua, New York. Throughout his teens he bought and sold more pre-owned handbags, building up a wealthy female clientele. When he enrolled at Vanderbilt University to study European history, he kept his business going. In the shabby fraternity house that he shared with five other male students, luxury handbags were often stacked up in his bedroom. At the end of his first year, he was offered a summer internship at a luxury retail website. By the time he graduated in 2010 with a liberal arts