

APPAREL AND ACCESSORIES

Rent the Runway in legal battle with fast-fashion rival

March 27, 2019



Rent the Runway and other disruptors are changing the fashion game. Image credit: Rent the Runway

By STAFF REPORTS

Luxury rental platform Rent the Runway is facing a lawsuit from fast-fashion rival FashionPass, which claims it was denied \$3 million in profits by the former not allowing it to carry shared brands.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

Rent the Runway has a variety of exclusive deals with fashion brands, allowing it to provide one-of-a-kind service and products to its subscription base. FashionPass is claiming that many of RTR's exclusives have caused it to lose \$200,000 due to contract cancellations.

Rental versus rental

Rent the Runway rental service has been gaining significant momentum, and just finished its largest funding round to-date, garnering \$125 million from investors.

Over the course of its history, Rent the Runway has raised approximately \$337 million in equity. With this latest infusion, the company has been valued at \$1 billion ([see story](#)).

The company also released its first global ad campaign this past winter.



Rent the Runway is looking to eliminate the closet. Image credit: Rent the Runway

FashionPass believes it has missed out on significant revenue due to Rent the Runway's exclusive deals with brands, who in turn canceled planned collaborations with FashionPass. The suit claims that RTR's moves have led to unfair competition.

"Since its founding in 2016, FashionPass has achieved strong and steady growth and has become a showcase retailer in the fashion rental business, as a result of its substantial and strategic investment of capital, its fashion, design and marketing acumen, and its technological capabilities," said the lawsuit. "Confronted with the considerable growth and success of FashionPass, Rent the Runway embarked upon a wrongful, anti-competitive scheme and conspiracy to eliminate competition from FashionPass, rather than fairly competing against FashionPass in the marketplace based upon matters important and beneficial to consumers.

"Specifically, Rent the Runway is exerting its superior market power and financial capabilities to coerce FashionPass's top suppliers to refuse to sell merchandise to FashionPass, and is thereby attempting to eliminate competition from FashionPass."

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.