



## Touro Law Review

---

Volume 15 | Number 4

Article 11

---

1999

### FXA On IP: Striking a Balance in Intellectual Property Cases

Robert Penchina

Follow this and additional works at: <https://digitalcommons.tourolaw.edu/lawreview>



Part of the [Law Commons](#)

---

#### Recommended Citation

Penchina, Robert (1999) "FXA On IP: Striking a Balance in Intellectual Property Cases," *Touro Law Review*. Vol. 15 : No. 4 , Article 11.

Available at: <https://digitalcommons.tourolaw.edu/lawreview/vol15/iss4/11>

This Tribute to Judge Frank X. Altimari is brought to you for free and open access by Digital Commons @ Touro Law Center. It has been accepted for inclusion in Touro Law Review by an authorized editor of Digital Commons @ Touro Law Center. For more information, please contact [lross@tourolaw.edu](mailto:lross@tourolaw.edu).

## FXA ON IP: STRIKING A BALANCE IN INTELLECTUAL PROPERTY CASES

*Robert Penchina*<sup>1 2</sup>

Judge Frank X. Altimari had great faith that, if given the chance, most people would, as he liked to say, “do the right thing.” In his personal dealings, the Judge was loath to instruct anyone as to what was the right thing for them to do. Of course, he was not at all shy about telling them what he would do if he found himself in their position, and he would make sure they knew the possible negative outcomes that might await someone who made the wrong choice. But, he would not go so far as to tell them what they should do. Rather, he was confident that if people knew the facts, their conscience and intellect would lead them to do the right thing.

In many ways, this personal style carried over into how Judge Altimari conducted himself as a judge of the United States Court of Appeals for the Second Circuit. Judge Altimari had great faith in the wisdom and experience of his judicial colleagues in the district courts. Thus, Judge Altimari was not fond of “bright-line” tests or per se rules. While many prefer the simplicity of a bright-line, Judge Altimari believed that such rules too restricted trial court judges from applying their knowledge and experience to the situations before them. Instead, Judge Altimari favored balancing tests, where the facts as found could be weighed,

---

<sup>1</sup> The author is a member of Rogers & Wells LLP and head of that firm’s copyright and trademark practice. He served as law clerk to Judge Frank X. Altimari from 1988 to 1990.

<sup>2</sup> I had the astoundingly good luck to have had a chance to serve as a law clerk to the late Honorable Frank X. Altimari. Although I did not realize it at the time, when Judge Altimari asked you to become his clerk, it was not as much a job offer as an invitation to be part of his family. To all of us who were his clerks, Judge Altimari was a second father and a friend for life. We profoundly miss him.

I am greatly honored that the editors of the Touro Law Review asked me to be a part of this issue honoring the memory of Judge Altimari. I only wish that such an issue would not have been necessary for many decades hence.

measured and evaluated by an experienced jurist who, without being boxed-in by a higher court, would know just what was the right thing to do in any given situation. Although balancing tests are more difficult to administer than bright-line rules, Judge Altimari saw them as enabling judges to do the right thing.

Judge Altimari's disdain for bright-line tests can be seen in some of the intellectual property cases in which he authored the Second Circuit's opinion, such as *Titan Sports, Inc. v. Comics World Corporation*,<sup>3</sup> *Aymes v. Bonelli*,<sup>4</sup> and *Soltex Polymer Corporation v. Fortex Industries, Inc.*<sup>5</sup> Generally, these cases reflect Judge Altimari's desire that a result not be automatic but emerge from a case-by-case balancing.

### *Titan Sports*

In *Titan Sports, Inc. v. Comics World Corporation*,<sup>6</sup> Judge Altimari enunciated a test to balance an individual's right to control the use of his name and likeness against the first amendment's protection for free expression. The case pitted Titan Sports, Inc. ("Titan"), a promoter of professional wrestling events under the trademark "World Wrestling Federation" and holder of rights in the names and likenesses of wrestlers such as Hulk Hogan, against Comics World Corporation ("Comics World"), the publisher of "Wrestling All-Stars Poster Magazine," and other similar articles.<sup>7</sup>

The "magazines" at issue, in large part, consisted of oversized photographs of wrestlers.<sup>8</sup> These photographs were folded and stapled in between the magazines' covers such that the photographs essentially could not be viewed unless unstapled and removed from the magazines.<sup>9</sup> The magazines' covers announced

---

<sup>3</sup> 870 F.2d 85 (2d Cir. 1989).

<sup>4</sup> 980 F.2d 857 (2d Cir. 1992).

<sup>5</sup> 832 F.2d 1325 (2d Cir. 1987).

<sup>6</sup> 870 F.2d 85 (2d Cir. 1989).

<sup>7</sup> *Id.* at 85-86.

<sup>8</sup> *Id.* at 86.

<sup>9</sup> *Id.*

that they contained "10 FULL COLOR WRESTLING POSTERS! HUGE SIZE!"<sup>10</sup>

It was undisputed that neither Titan nor any of the individual wrestlers depicted in the oversized photographs had consented to the use of their likenesses in this manner.<sup>11</sup> Titan brought suit, alleging that Comics World's unauthorized use of the names and likenesses of Titan's wrestlers in Comics World's wrestling "Poster Magazines" constituted a violation of New York Civil Rights Law section 51, which prohibits the commercial exploitation of an individual's personality without his consent.<sup>12</sup>

The district court rejected Titan's claim.<sup>13</sup> Ruling on the defendants' motion for summary judgment, the court held that defendants' "use of over-sized photos is protected by the First Amendment," and dismissed Titan's complaint.<sup>14</sup>

Underlying the court's determination was its findings that "defendants' product is a bona fide newsstand publication,"<sup>15</sup> and "the constitutional freedom of the press does not stop at 8" by 11."<sup>16</sup> Thus, although the defendants' own publication identified the photographs at issue as posters, the district court did not follow prior cases holding that the sale of posters without consent of the person depicted constitutes a violation of Section 51.<sup>17</sup> In the district court's strict application of the first amendment, the fact that the defendants in *Brinkley* and *Factors* "were not selling magazines"<sup>18</sup> made all the difference. Using the district court's bright line, once a product can be classified as a "magazine" or a "bona fide newsstand publication," it is entitled to the full

---

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 86-87.

<sup>12</sup> N.Y. CIV. RIGHTS LAW § 51 (McKinney Supp. 1998).

<sup>13</sup> *Titan Sports, Inc. v. Comics World Corp.*, 690 F. Supp. 1315 (S.D.N.Y. 1988), *rev'd*, 870 F.2d 85 (2d Cir. 1989).

<sup>14</sup> *Id.* at 1323.

<sup>15</sup> *Id.* at 1319.

<sup>16</sup> *Id.* at 1322.

<sup>17</sup> *Id.* (distinguishing *Brinkley v. Casablancas*, 80 A.D.2d 428 (1st Dep't 1981) and *Factors Etc., Inc. v. Pro Arts, Inc.*, 579 F.2d 215 (2d Cir. 1978)).

<sup>18</sup> *Id.*

protection of the first amendment and thus, does not violate section 51.

On appeal, the Second Circuit reversed the grant of summary judgment and remanded the case to the district court for further proceedings.<sup>19</sup> Writing for the court, Judge Altimari stated that, contrary to the district court's holding, "[t]he determination that a product is 'a bona fide newsstand publication . . .' does not resolve the conflict."<sup>20</sup> Rather, an "item physically attached within the covers of a magazine . . . is not automatically entitled to first amendment protection."<sup>21</sup>

In Judge Altimari's view, "a court must be ever mindful of the inherent tension between the protection of an individual's right to control the use of his likeness and the constitutional guarantee of free dissemination of ideas, images and newsworthy matter."<sup>22</sup> To Judge Altimari, bright-line rules and automatic results simply did not adequately address that tension. "For example, Comics World could not staple a T-shirt bearing the likeness of a Titan wrestler between magazine covers and claim exemption from section 51 and first amendment protection for a 'wrestling T-shirt magazine.'<sup>23</sup> Instead, the tension best could be addressed in Judge Altimari's view by use of a balancing test that enables district court judges to do the right thing.

Thus, in lieu of talismanic incantations of the first amendment and a determination whether the product is part of a magazine, Judge Altimari instructed that "the fact finder should consider a variety of factors including, but not limited to, the nature of the item, the extent of its relationship to the traditional content of a magazine, the ease with which it may be detached from the magazine, whether it is suitable for use as a separate product once detached and how the publisher markets the item."<sup>24</sup> Although harder to apply than a per se rule, this balancing test permits judges to be guided by their experience in resolving the

---

<sup>19</sup> 870 F.2d 85 (2d Cir. 1985).

<sup>20</sup> *Id.* at 88.

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

<sup>23</sup> *Id.*

<sup>24</sup> *Id.* at 89.

tensions between the first amendment and individuals' rights to prevent commercialization of their names and likenesses.

*Aymes v. Bonelli*

In *Aymes v. Bonelli*,<sup>25</sup> Judge Altimari, writing for the Second Circuit, addressed a dispute concerning ownership of the copyright in a computer program between a computer programmer and the company for whom he had created a particular program. The outcome turned on whether the programmer was an employee of the company, in which case the company would own the copyright under the work-made-for-hire doctrine,<sup>26</sup> or an independent contractor, in which case copyright ownership would vest with the programmer who authored the work.<sup>27</sup>

Three and a half years before Judge Altimari wrote in *Aymes*, the Supreme Court addressed the work-made-for-hire issue in *Community For Creative Non-Violence v. Reid*.<sup>28</sup> Prior to *Reid*, the Circuits had been split as to whether a party who was an "independent contractor" within the general understanding of that term could nevertheless be considered an "employee" for purposes of copyright law and the work-made-for-hire doctrine.<sup>29</sup> In *Reid*, the Court made clear that the "employee" prong of the work-made-for-hire provision was intended to apply only to true

---

<sup>25</sup> 980 F.2d 857 (2d Cir. 1992).

<sup>26</sup> 17 U.S.C. §§ 101, 201(a) (1994).

<sup>27</sup> *Id.* §§ 101, 201(a). Under the Copyright Act, certain enumerated categories of works prepared by independent contractors are eligible to be works made for hire. However, the independent contractor prong of the work-made-for-hire provision requires that the parties enter into a written agreement confirming their intention that the work at issue be a work made for hire. *Id.* § 101. In *Aymes*, there was no written agreement between the programmer and the company; thus, the program could be a work made for hire only if the programmer was found to be an employee. *Aymes*, 980 F.2d at 860.

<sup>28</sup> 490 U.S. 730 (1989).

<sup>29</sup> *See, e.g.,* *Easter Seal Society for Crippled Children & Adults v. Playboy Enter.*, 815 F.2d 323 (5th Cir. 1987); *Brunswick Beacon, Inc. v. Schock-Hopchas Publ'g. Co.*, 810 F.2d 410 (4th Cir. 1987); *Aldon Accessories, Ltd. v. Spiegel, Inc.*, 738 F.2d 548 (2d Cir. 1984).

employees, rather than independent contractors, and set forth a test for determining whether any given work was prepared by an employee or an independent contractor.<sup>30</sup> The Court instructed that courts should apply the “principles of general common law of agency [to determine] whether the work was prepared by an employee or an independent contractor,”<sup>31</sup> and it identified twelve factors “relevant to this inquiry.”<sup>32</sup>

While a lengthy series of factors was consistent with Judge Altimari’s favored approach, he wished to make clear to all that “the *Reid* test was not intended to be applied in a mechanistic fashion.”<sup>33</sup> Judge Altimari was concerned that, rather than exercising the judgment born of their own experience on the bench, judges might simply add up the *Reid* factors and award victory to the party with the most points. Indeed, this is what the district court had done in *Aymes*.<sup>34</sup> Thus, he admonished that “[t]he factors should not merely be tallied but should be weighed according to their significance in the case.”<sup>35</sup>

Consistent with how he acted off the bench, Judge Altimari let the world know which of the *Reid* factors he thought were most significant,<sup>36</sup> and which were “virtually meaningless.”<sup>37</sup> But, he

---

<sup>30</sup> *Reid*, 490 U.S. at 744-53.

<sup>31</sup> *Id.* at 751.

<sup>32</sup> *Id.* (the factors are the: skill required; source of instrumentalities or tools; location of the work; duration of the relationship between the parties; right to assign additional projects; extent of hired party’s discretion over when and how long to work; method of payment; hiring and paying of assistants; whether work is part of hiring party’s regular business; whether hiring party is in business; provision of benefits; and tax treatment of hired party).

<sup>33</sup> *Aymes*, 980 F.2d at 862.

<sup>34</sup> *Id.* at 861.

<sup>35</sup> *Id.*

<sup>36</sup> Judge Altimari designated the following as the significant factors:

(1) the hiring party’s right to control the manner and means of creation; (2) the skill required; (3) the provision of employee benefits; (4) the tax treatment of the hired party; and (5) whether the hiring party has the right to assign additional projects to the hired party . . . will almost always be relevant and should be given more weight in the analysis, because they will usually be highly probative of the true nature of the employment relationship.

made clear that what he was doing was “review[ing] each of the factors and consider[ing] their relative importance in *this* case.”<sup>38</sup> Thus, the relative importance of the factors could—and perhaps in his view should—differ in *other* cases. In Judge Altimari’s view, it was up to the individual judges to strike the appropriate balance of the factors presented to them on a case-by-case basis.

### *Soltex*

Judge Altimari’s dislike for mechanically derived results extended to the granting of remedies as well as to determinations of liability. This is illustrated by Judge Altimari’s opinion in *Soltex Polymer Corporation v. Fortex Industries, Inc.*<sup>39</sup>

In *Soltex*, the Second Circuit reviewed a trademark infringement claim arising from two companies’ use of the mark FORTIFLEX in connection with their products.<sup>40</sup> The district court found the defendant’s use of the FORTIFLEX mark to be infringing but, to the plaintiff’s chagrin, did not enjoin defendant from continuing to use the mark.<sup>41</sup> Instead, the court found that a disclaimer used by defendant was sufficient to dispel any likelihood of confusion and thus was a sufficient remedy.<sup>42</sup> The plaintiff appealed.

Posing the issue on appeal in the first lines of the Second Circuit’s opinion, Judge Altimari wrote that “[t]his case presents the interesting question of whether a finding of any likelihood of consumer confusion between two products bearing the same mark necessarily mandates the use of an absolute injunction in favor of

---

*Id.*

<sup>37</sup> “The authority to hire assistants’ is also virtually meaningless in a situation where the hired party does not need assistance.” *Id.* at 864.

<sup>38</sup> *Id.* at 862 (emphasis added).

<sup>39</sup> 832 F.2d 1325 (2d Cir. 1987).

<sup>40</sup> The plaintiff used the FORTIFLEX much in connection with a plastic resin product, while the defendant utilized the mark on animal feeders and industrial containers. *Id.* at 1326-27.

<sup>41</sup> *Id.* at 1328.

<sup>42</sup> *Id.* at 1330.



the owner of that trademark.”<sup>43</sup> One need not read any further into the opinion to know that Judge Altimari would not curtail the trial judge’s exercise of discretion by mandating an absolute remedy.

Rather, Judge Altimari explained that the Second Circuit had “emphasized before the ‘flexible approach’” to remedies for trademark infringement, and previously “rejected expressly an ‘all-or-nothing’ or per se rule mandating the use of an absolute injunction.”<sup>44</sup> These prior pronouncements of the Second Circuit utterly were in sync with Judge Altimari’s own judicial philosophy. Instead of mandating a result that trial courts would be bound to reach, Judge Altimari believed that the right thing would be done if the remedy were left to “the district court’s careful balancing of the equities to reach an appropriate result protective of the interests of both parties.”<sup>45</sup>

Just as would be the case off the bench, where the Judge would not hesitate to suggest what he would do if faced with a particular situation but would not come out and tell another person what they should do in that situation, Judge Altimari certainly had an opinion as to what the appropriate remedy would be had he been the trial court judge. But, to him the issue on appeal was never whether, “as a matter of first impression, [h]e would have reached the same result as the district court in refusing to enjoin the defendants.”<sup>46</sup> Instead, Judge Altimari was satisfied if the trial judge had an opportunity to review the facts and apply his or her intellect and experience to independently do the right thing.

### *Conclusion*

Judge Altimari had great faith in the capacity of people to do the right thing. He acted on this principle both off the bench and as a member of the Court of Appeals for the Second Circuit. Judge Altimari disdained bright-line tests and per se rules because

---

<sup>43</sup> *Id.* at 1326.

<sup>44</sup> *Id.* at 1329.

<sup>45</sup> *Id.* at 1330.

<sup>46</sup> *Id.*

they interfered with the ability of trial judges to do the right thing. Instead, he favored balancing tests administered on a case-by-case basis because such tests permit judges to rely on their own wisdom and experience to find the right result and remedy in any given case. Judge Altimari believed that in this manner, whether or not he personally would have arrived at the same outcome as the district court, the right thing would be done.

