IN THE MATTER OF TWO OPPOSITIONS
by Merrill Lynch & Co. Inc.
to application serial No. 585,214
for the mark FIRSTBANK CASH MANAGEMENT ACCOUNT
and
to application serial No. 585,195
for the mark FIR$TBANK CASH MANAGEMENT ACCOUNT
filed by Bank of Montreal

These proceedings concern two similar trade-mark applications filed by the Bank of Montreal on June 2, 1987. One application is for the mark FIRSTBANK CASH MANAGEMENT ACCOUNT and the other is for the mark FIR$TBANK CASH MANAGEMENT ACCOUNT. Both applications are for "banking services" and both are based on proposed use in Canada. The words "cash management account" are disclaimed in both applications.

The issues and evidence relating to each of the oppositions are essentially the same, so that a determination in one will effectively decide the other. I will begin with the opposition to application No. 585,214 for the mark FIRSTBANK CASH MANAGEMENT ACCOUNT. The mark was advertised for opposition purposes on February 3, 1988. The opponent, Merrill Lynch & Co. Inc., filed a statement of opposition on June 27, 1988, a copy of which was forwarded to the applicant on August 5, 1988.

The grounds of opposition are summarized below:

(1) the applied for mark is not registrable pursuant to Section 12(1)(d) of the Trade-marks Act because it is confusing with the opponent's registered marks, namely MERRILL LYNCH CASH MANAGEMENT ACCOUNT, regn. No. 310,571; CMA, regn. No. 311,639; and CMA & Design, regn. No. 311,960. Each registration covers "financial services namely a margin brokerage account linked with chequing and credit card banking services",

(2) the applicant is not entitled to registration pursuant to Section 16(3)(a) in view of the opponent's prior use of

(i) its above mentioned registered marks,

(ii) its (unregistered) mark CASH MANAGEMENT ACCOUNT in association with essentially the same services described in (1) above.

(3) the applied for mark is not distinctive of the applicant, in view of the above.

The applicant served and filed a counter statement effectively denying the grounds of opposition. Both parties filed a written argument and both were represented at an oral hearing.

The opponent's trade-mark application for the mark MERRILL LYNCH CASH MANAGEMENT ACCOUNT (which resulted in regn. No. 310,571, relied on in the statement of opposition) was based on proposed use in Canada. A declaration of use was filed in November, 1985. The registration disclaims the right to the exclusive use of the words "cash management account."

The opponent's mark CASH MANAGEMENT ACCOUNT, also relied on in the statement of opposition, is the subject of application No. 614,100, filed on June 23, 1988. The application is based on use and registration of the mark in the United States of America, and claims the benefit of Section 14. The applicant herein is opposing application No. 614,100.

At the oral hearing, counsel for the opponent suggested that the instant proceedings be postponed until the opposition to application No. 614,100 is finally decided, and also requested me to inspect files in the Registrar's care to satisfy myself that (i) the trade-mark application which led to registration No. 310,571 disclaimed the phrase "cash management account" only for the purposes of that particular application, and (ii) evidence to be filed in the above mentioned parallel opposition by the Bank of Montreal to application No. 614,100 will establish that the opponent's mark CASH MANAGEMENT ACCOUNT is not without distinctive character in Canada (within the meaning of Section 14).

With respect to the first request, the Board does not have

jurisdiction to stay proceedings: see Anheuser-Busch, Inc. v. Carling O'Keefe Breweries (1982), 69 C.P.R.(2d) 136 at p. 142 (F.C.A.). With respect to the second request, the Board will not, as a general rule, inspect files in the Registrar's care for evidential purposes. It is the party's responsibility to file the evidence it intends to rely upon. Two exceptions to the general rule are that the Board will, in the public interest, check the trade-marks register to confirm the existence of registrations and applications relied on, but not evidenced, by an opponent in support of a ground of opposition pleaded in the statement of opposition: see Quacker Oats Co. of Canada Ltd. v. Menu Foods Ltd. (1986), 11 C.P.R.(3d) 410 at p. 411 (TMOB); John Labatt Ltd. v. W.C.W. Western Canada Water Enterprises Inc. (1991), 39 C.P.R.(3d) 442 at p. 445 (TMOB); Realestate World Services (1978) Ltd. v. Realcorp Inc. (1993), 48 C.P.R.(3d) 397 at pp. 403-404.

As its evidence, the opponent filed the affidavits of Paul W. Critchlow, Senior Vice President of the opponent company, of Irene Wozny, secretary, and of Karen E. Thompson, trade-mark searcher. Mr. Critchlow was cross-examined on his affidavit, and a transcript thereof together with exhibits, and answers to undertakings, form part of the record herein.

As its evidence, the applicant filed the affidavits of Andrew Blake Mann, Product Manger, Commercial Deposits, of the applicant company, and of Alain Leclerc, student-at-law.

As its reply evidence, the opponent filed a second affidavit of Karen E. Thompson, attaching as an exhibit a search of trade-marks (on the DYNIS trade-mark data base) incorporating the three elements "cash", "manage" and "account." The applicant objected that the second Thompson affidavit does not constitute proper reply evidence because it is not rebuttal to any facts introduced by the applicant. The second Thompson affidavit is quite similar to the first Thompson affidavit except that Ms. Thompson's second trade-

mark search defines the search parameters more narrowly. I agree with the applicant that it is not proper reply evidence and I have not had any regard to it.

The applicant requested leave pursuant to Rule 46(1) of the Trade-marks Regulations to file additional evidence namely, a second affidavit of Andrew Blake Mann. Leave was refused because the applicant did not indicate that it would make Mr. Mann available for cross-examination: see the Board ruling dated June 17, 1992 (leave to file a second Mann affidavit was granted in the opposition to application No. 585,195).

The material dates in this proceeding are (a) the date of decision, with respect to the ground of opposition pursuant to Section 12(1)(d), (b) the date of application namely, June 2, 1987, with respect to the ground of opposition pursuant to Section 16(3)(a), and (c) the date of opposition namely June 27, 1988, with respect to the ground of opposition based on distinctiveness.

The essential issue in this proceeding is whether or not there is a reasonable likelihood of confusion between the applied for mark FIRSTBANK CASH MANAGEMENT ACCOUNT and either, or both, of the opponent's marks MERRILL LYNCH CASH MANAGEMENT ACCOUNT and CASH MANAGEMENT ACCOUNT. If the applied for mark is not confusing with either those marks, it will not be confusing with the marks CMA or CMA & Design.

The issue of confusion turns, in large measure, on whether, or to what degree, the phrase "cash management account" is distinctive of the opponent. I will begin by considering the issue of confusion at the earliest material date namely, June 2, 1987.

The facts concerning the opponent, and its marks, are as follows. The opponent Merrill Lynch is based in the United States of America and provides brokerage, financial and investment

services in the United States and internationally, including Canada. In about the middle of 1977, the opponent developed a new type of service which it introduced in the United States (and thereafter internationally) under the marks MERRILL LYNCH CASH MANAGEMENT ACCOUNT and CASH MANAGEMENT ACCOUNT. The new service provides a single comprehensive brokerage account for the sale and purchase of stocks. Mr. Critchlow, on cross-examination, describes the new service as a margin brokerage account which offers chequing services, as well as credit card services. The credit card is in effect a debit card against the value of securities held in the account. It requires $20,000 to open such an account. Credit balances are constantly put to use. The opponent's novel service is linked with a bank, at least in the United States and in Canada, apparently to allow for chequing services.

The opponent Merrill Lynch (through a predecessor in title) filed a trade-mark application in the United States (on March 20, 1980; serial. No. 254,808) for the mark CASH MANAGEMENT ACCOUNT for services which included stock brokerage services. The U.S. Patent and Trademark Office initially refused registration, apparently because the mark was found to be a common descriptive term for the stock brokerage services performed by the applicant [the opponent herein]. It appears that the U.S.P.T.O. was of the view that the phrase CASH MANAGEMENT ACCOUNT was incapable of acquiring secondary meaning. The United States Court of Appeals for the Federal Circuit reversed and remanded the U.S.P.T.O. decision. The U.S. Court, in a ruling dated September 17, 1987, found that the U.S.P.T.O. "failed to sustain its burden of showing that appellant's [the opponent herein] proposed trademark is generic..." Given the Court's ruling that the term CASH MANAGEMENT ACCOUNT could acquire secondary meaning, the U.S.P.T.O reconsidered the evidence filed by the applicant [the opponent herein] and found that secondary meaning had been established. It appears that Merrill Lynch's evidence showed use of the mark CASH MANAGEMENT

ACCOUNT for about eight years, that about $50 million had been expended in promoting and advertising the new service, and that the evidence included an affidavit from an officer of a competitor firm attesting to Merrill Lynch's proprietorship in the mark: see page 164 of exhibit 36 of Mr. Leclerc's affidavit. The mark was registered in the U.S. on June 7, 1988, under registration No. 1,491,451 (the registration number is illegible on the certified copy of the U.S.P.T.O. file provided as part of the applicant's evidence; however, the file number is referred to by Mr. Critchlow in paragraph 4 of his affidavit).

The opponent had also filed another trade-mark application in the United States (on July 15, 1977; serial No. 137,586) for the same mark CASH MANAGEMENT ACCOUNT, which application did not explicitly describe stock brokerage services. The opponent overcame an initial objection to the application by the U.S.P.T.O., and the mark was registered on May 22, 1979, under regn. No. 1,118,929.

I mention in passing that two United States patents relating to cash management issued to the opponent's predecessor in title, one on August 24, 1982 and the other on March 15, 1983. Both patents relate to "data processing ... for effecting an improved securities brokerage and cash management system." Both patents state that "At the kernel of the overall system is a margin brokerage account..." The applicant herein submits that the phrase "cash management account" aptly describes the product disclosed in the patents.

The opponent did not introduce its new service in Canada until March, 1985. In that year, about $340,000 was spent in advertising and promoting the opponent's new service offered under its marks MERRILL LYNCH CASH MANAGEMENT ACCOUNT and CASH MANAGEMENT ACCOUNT (and the CMA marks) via newspapers, radio and magazines, and brochures and informational literature. The number of such account

holders, in Canada, has averaged about 6,200 for each of the years 1986 to 1989. Assets in those accounts total about $940 million. About 160,000 cheques are cleared annually through the above mentioned accounts. That averages about 26 cheques per account. I have not given much weight to Mr. Critchlow's testimony which attempts to establish that the opponent's marks have acquired a reputation in Canada through spill over advertising via magazines originating in the United States. No attempt has been made to prove the extent of circulation in Canada, nor is it clear from Mr. Critchlow's evidence that advertisements placed in U.S. magazines would necessarily be found in issues of the magazines which might circulate in Canada.

It is also apparent from Mr. Critchlow's transcript of cross-examination that he is not particularly knowledgeable about how the phrase "cash management account" has been used in Canada by third parties, as a trade-mark or otherwise. While I accept his evidence that the phrase "cash management account" has become uniquely identified with the opponent in the United States, I do not consider that Mr. Critchlow is qualified to arrive at an informed conclusion with regards to the distinctiveness of the opponent's marks in Canada.

As mentioned earlier, the opponent's Canadian trade-mark registration for MERRILL LYNCH CASH MANAGEMENT ACCOUNT disclaims the phrase "cash management account." That registration issued in January, 1986 from an application filed in January, 1984 based on proposed use in Canada. The above disclaimer is tantamount to an admission that the disclaimed matter is clearly descriptive of the services, and therefore prohibited from registration by Section 12(1)(b): see Molson Companies Ltd. v. John Labatt Ltd. (1981), 58 C.P.R.(2d) 157 at 159, where disclaimed matter is discussed in the context of Section 12(1)(a). The opponent subsequently filed a second trade-mark application in Canada (in June, 1988; serial No. 614,100) to register the mark CASH MANAGEMENT ACCOUNT, based on use

and registration of the mark in the United States (registration No. 1,118,929, discussed earlier), which application claims the benefit of Section 14.

The above is consistent with the interpretation that the opponent did not consider that the phrase "cash management account" was distinctive of its cash management service, in Canada, as of January, 1984 but that the opponent did consider that the phrase "cash management account" had acquired distinctiveness, that is, indicated Merrill Lynch as the source of the new brokerage service, at least as of June, 1988. Counsel for the opponent argued that the Registrar's decision to advertise the mark CASH MANAGEMENT ACCOUNT for opposition purposes is conclusive that the mark is distinctive of the opponent, and that I am bound by that determination. I disagree. The decision to advertise a mark means that the Registrar is not satisfied that the mark should be refused. It is only at the opposition stage that the Registrar may decide whether or not a trade-mark is distinctive: see General Foods Ltd. v. Carnation Co. Ltd. (1978), 45 C.P.R.(2d) 282 at p. 286 (TMOB), and see also a recent decision of this Board namely, Toronto Salt & Chemicals Ltd. v. Softsoap Enterprises Inc. (September 30, 1993, yet unreported; appln. No. 602,716 for the mark SOFTSOAP, at pp. 3-4)

It is clear from the applicant's evidence, and from Mr. Critchlow's testimony on cross-examination, that the term "cash management", by itself, has a definite meaning in the financial field. It means maximizing the value of liquid assets or managing cash to the best advantage. The word "account" also has a definite meaning namely, a vehicle which is used to manage or hold investments: see, in particular, pages 13-16 of Mr. Critchlow's transcript of cross-examination.

In my view, combining the term "cash management" with the word "account" results in a phrase whose primary meaning describes a

certain type of financial vehicle. The opponent's position is that the three word combination CASH MANAGEMENT ACCOUNT was distinctive of the opponent in Canada at all material times. The difficulty confronting the opponent in this proceeding to establish the distinctiveness of its mark CASH MANAGEMENT ACCOUNT appears in some respects similar to the situation that arose before the U.S.P.T.O.

The onus on the opponent Merrill Lynch to establish that a normally descriptive phrase has acquired a secondary meaning so as to make the phrase CASH MANAGEMENT ACCOUNT denote Merrill Lynch's particular financial vehicle is a heavy one: see John Labatt Ltd. v. Molson Cos. Ltd. (1987), 19 C.P.R.(3d) 88 (F.C.A.) and see Molson Companies Ltd. v. Carling Breweries Ltd. (1988), 19 C.P.R.(3d) 129 (F.C.A.).

I do not consider that the opponent's evidence of its activities in Canada, discussed earlier, is sufficient to meet that burden.

Further, the applicant has filed as evidence extracts from various publications and from newspapers (see the exhibits to Mr. Leclerc's affidavit, as indicated below) which support its position that, at the material date June 2, 1987, the phrase "cash management account" was not distinctive, in Canada, of any particular trader:

Exhibit 5
A Framework for Financial Regulation - A research report for the Economic Council of Canada, dated 1987.

"Cash-management Account. A brokerage facility offered by some investment dealers...the account can usually be accessed by a bank credit card."

Exhibit 10

The Regulation of Canadian Financial Institutions: Proposals for Discussion. Department of Finance Canada, dated April 1985.

"...some Canadian brokers have recently made a further step towards the combination of banking and brokerage through a service modelled directly on cash management accounts developed in the United States."

Exhibits 20, 21, 22, 24, 25, 26, 27

Globe and Mail, dated between March, 1983 and November, 1986.

"And the discounters are offering an expanding range of services. Schab, for example, with about 350,000 accounts, offers a cash-management account." (dated March, 1983)

"Merrill Lynch...of New York pioneered the so-called cash management account in the mid-1970s, and now there are more than a dozen companies with similar accounts....the company's new president, was formerly in charge of the U.S, parent company's successful Cash Management Account, which has attracted $80 billion (U.S.) and 1.1 million accounts." (dated June, 1984)

"Some brokerage firms are aggressively soliciting deposits and setting up cash management accounts as part of their broadening range of services." (dated October, 1984)

"The Canadian investment industry is putting the finishing touches to a plan to upgrade public protection in the event a securities firm goes broke...The expanded plan will cover all assets of a brokerage firm...including the new cash management accounts that allow clients to access their brokerage account with third-party, chequing privileges." (dated June, 1985)

"Midland Doherty was the first Canadian broker to offer a cash

management account with third party chequing services." (dated July, 1985)

"A central point of the council's report is that all institutions that receive deposits, including trust companies, be treated as banks...The proposal would force investment dealers to reconsider cash management accounts they now offer..." (dated November, 1986)

"Although three of Canada's major brokers have launched cash management accounts in the past year or so, the response so far is less than spectacular...For an annual fee of $100, investors get to use brokers' cash management accounts for banking services like writing cheques...the most successful cash-management account has been launched by Merrill Lynch Canada Inc... Cash management accounts were introduced in the U.S. in 1977 by Merrill Lynch's parent...of New York." (dated September, 1985)

Exhibits 30, 31
Financial Times, dated July, 1985 and January, 1985, respectively.

"Midland Doherty...was the first to introduce a cash management account..."

"Finsco has its sights set on developing a cash-management account that would allow the transfer of funds between Aetna and Midland..."

I can take judicial notice that the Globe and Mail has wide circulation throughout Canada: see Milliken & Co. v. Keystone Industries Ltd. (1986), 12 C.P.R.(3d) 166 at 169 (TMOB). The inference that follows is that, at the material date, a fair number of Canadians would suppose that a "cash management account" was a financial vehicle available from different sources, and not solely from the opponent.

In conclusion, I find that the mark CASH MANAGEMENT ACCOUNT, relied on by the opponent in support of its ground of opposition denoted by 2(ii) above, was not distinctive of the opponent's (or of any other person's) financial services at the relevant date June 2, 1987. Since the public would not associate the mark CASH MANAGEMENT ACCOUNT with any particular trader, it follows that the applied for mark is not confusing with the opponent's mark. The ground of opposition pursuant to 2(ii) above is therefore unsuccessful. Further, I find that the opponent has not established a degree of distinctiveness for its mark CASH MANAGEMENT ACCOUNT by the later material date namely, June 27, 1988, sufficient to negate the distinctiveness of the applied for mark. The ground of opposition denoted by (3) above is therefore also unsuccessful.

I will next consider the ground of opposition denoted by 2(i) above. At issue is whether the applied for mark FIRSTBANK CASH MANAGEMENT ACCOUNT is confusing with the opponent's mark MERRILL LYNCH CASH MANAGEMENT ACCOUNT. Of course, it is not necessary for the opponent to establish that the term "cash management service" is distinctive of Merrill Lynch in order for the opponent to succeed on this ground of opposition.

The legal burden is on the applicant to show that there would not be a reasonable likelihood of confusion, within the meaning of Section 6(2), between the applied for mark FIRSTBANK CASH MANAGEMENT ACCOUNT and the opponent's mark MERRILL LYNCH CASH MANAGEMENT ACCOUNT. In determining whether there would be a reasonable likelihood of confusion, I am to have regard to all the surrounding circumstances, including those enumerated in Section 6(5). The presence of a legal burden on the applicant means that if a determinate conclusion cannot be reached once all the evidence is in, then the issue must be decided against the applicant - see Joseph E. Seagram & Sons v. Seagram Real Estate Ltd. (1984), 3 C.P.R.(3d) 325 at 329-30 (TMOB), and see John Labatt Ltd. v. Molson

Companies Ltd. (1990), 30 C.P.R.(3d) 293 at 297-300 (F.C.T.D.).

The facts regarding the applicant are as follows. The Bank of Montreal is one of this country's largest banks, with over 1,180 branch offices throughout Canada. The applicant is the owner of the marks FIRSTBANK & Design, regn. Nos. 252,234 and 252,235, illustrated below, covering banking services:

Firstbank FirstBank

I will refer to the above marks as the applicant's FIRSTBANK marks. The applicant has used its FIRSTBANK marks in Canada since at least as early as 1973.

The applicant is also the owner of a number of other registered marks in which the component FIRSTBANK is followed by terms descriptive or suggestive of a particular service, for example, FIRSTBANK SENIOR PLAN (introduced in 1981), FIRSTBANK AGRI-SERVICES (introduced in 1982), FIRSTBANK OPERATING ACCOUNT (introduced in 1984), and FIRSTBANK BUSINESS INVESTMENT ACCOUNT (introduced in 1986). The applicant also offers other services under various unregistered marks, for example, FIRSTBANK CASH CONCENTRATOR SERVICE, FIRSTBANK CONSOLIDATED BALANCE SERVICE, FIRSTBANK PAYROLL SERVICE, and so on. Over 1,200,000 persons held such "FIRSTBANK" plans and accounts in Canada as of May 31, 1990. The applicant's evidence regarding the public's utilization of its various "FIRSTBANK" plans and accounts, and the advertising expenditures relating to particular plans and accounts, is not as detailed and therefore not as satisfactory as it might be. Nevertheless, on a fair reading of Mr. Mann's affidavit, and without the benefit of cross-examination, I am prepared to infer that the mark FIRSTBANK had acquired a reputation in Canada as the applicant's house mark by the material date June 2, 1987.

Neither of the parties' marks possesses a high degree of inherent distinctiveness. The opponent's mark consists of two surnames namely, Merrill and Lynch, followed by a descriptive term,

while the applied for mark consists of a somewhat laudatory term namely, "firstbank" followed by a descriptive term. The opponent's mark MERRILL LYNCH CASH MANAGEMENT ACCOUNT acquired some reputation in Canada by the material date June 2, 1987 while the applied for mark FIRSTBANK CASH MANAGEMENT ACCOUNT, based on proposed use, had not acquired any reputation at the material date. However, it is relevant that the public would have been familiar with the applicant's mark FIRSTBANK operating as a house mark for various of the applicant's financial services.

The length of time that the marks in issue have been in use favours the opponent to some extent as the opponent began use of its mark in Canada in 1985.

The nature of the parties' services, and the parties' channels of trade, overlap to some extent, as the opponent's financial services are offered in conjunction with the financial services of a chartered bank.

As for the degree of resemblance between the marks in issue, there is necessarily some resemblance owing to the phrase "cash management services" common to the parties' marks. However, the first portions of the marks, which are the more important for the purposes of distinguishing between the marks, are quite distinct.

Considering the above, and keeping in mind that the test for confusion is one of first impression and imperfect recollection, I find that the public, already familiar to some extent with the applicant's house mark FIRSTBANK, would consider that the mark FIRSTBANK CASH MANAGEMENT ACCOUNT indicates a certain type of financial service offered by the applicant, and would not believe that there was any connection between those services and financial services offered by opponent Merrill Lynch.

Accordingly, the opponent's ground of opposition denoted by

2(i) above is rejected.

The remaining ground of opposition to application No. 585,214, pursuant to Section 12(1)(d), is also rejected as the evidence does not indicate that the surrounding circumstances discussed above changed significantly by the later material date.

In view of the above, the opponent's opposition to application No. 585,214 is rejected.

Similarly, as the issues and the material dates, and the surrounding circumstances as revealed by the evidence, regarding the opposition to application No. 585,195 correspond closely with those respecting the opposition to application No. 585,214, the opposition to application No. 585,195 is also rejected.

DATED AT HULL, QUEBEC, THIS 29th DAY OF DECEMBER , 1993.

Myer Herzig,
Member,
Trade-marks Opposition Board