

UNITED STATES OF AMERICA

BEFORE THE NATIONAL CREDIT UNION ADMINISTRATION BOARD

In the Matter of

JAX NAVY FEDERAL CREDIT UNION

Docket No. 97-003

Decision and Order on Appeal

This matter comes before the National Credit Union Administration Board (Board) on appeal from Jax Navy Federal Credit Union. The Region III Director denied Jax Navy Federal Credit Union's request to rescind a name change granted to Jax Federal Credit Union (formerly Jacksonville Federal Credit Union) and Jax Navy Federal Credit Union requests the Board reverse that decision.

Background

Jax Navy FCU has approximately 191,000 members and assets of \$1.1 billion. Jax FCU has approximately 29,000 members and assets of \$166 million. Both credit unions are multiple group, full service credit unions located in Jacksonville, Florida.

In June 1996, Jacksonville FCU sent a letter to the Region III Director informing him that the FCU had voted to change its name to Jax FCU. The Region III Director approved the requested name change in July. In August, Jax Navy FCU sent a complaint letter to Region III concerning the name change approval. Jax Navy requested that the Region III Director rescind his approval in that the two names were now very confusing. The Region III Director then wrote to both credit unions and asked that the credit unions make an effort to resolve the problem themselves. The two FCUs corresponded and were unable to resolve the controversy.

Jax FCU has noted several credit unions and other businesses in the Jacksonville area begin with the word "Jax" or "Jacksonville" and some of those that begin with the word "Jacksonville" answer their telephones "Jax." It concludes that "Jax" is not an exclusive name. Jax FCU believes that good loan and savings rates and member services distinguish credit unions rather than their names.

Jax Navy FCU noted the following concerns with the name approval: 1) both credit unions are headquartered in Jacksonville, FL; 2) the names Jax Navy FCU and Jax FCU will confuse members, especially when reading ads and listening to radio commercials; 3) there are six credit unions beginning with the word "Jacksonville" and four credit unions beginning with the word "Jax" listed in the local telephone book;

4) the distinction between Jax FCU and Jax Navy FCU depends only on the word "Navy"; and 5) Jax FCU may not have considered the confusion factor when they requested the name change. Jax Navy FCU states further that it has "first precedent" over the term "Jax" since it has used it since 1952. Jax Navy FCU requested the Region either reconsider the approval of "Jax FCU" or forward its appeal to the NCUA Board.

Region III submitted the request for appeal to the Board. Jax Navy FCU has no specific right to appeal approval of another credit union's name change to the Board under the Federal Credit Union Act or NCUA's regulations. Nevertheless, the Board voted to entertain the appeal.

Policy and its Application

Regional Directors have been delegated the authority to approve or disapprove name changes within NCUA Board guidelines. NCUA's Chartering and Field of Membership Manual (IRPS 94-1, as amended by IRPS 96-1), addresses name selection and name changes:

It is the responsibility of the federal credit union organizers to ensure that the federal credit union applicant's name or

federal credit union name change does not constitute an infringement on the name of any corporation in their trade

area. This responsibility also includes researching any service marks or trademarks used by any other credit union

in their trade area. NCUA will ensure, to the greatest extent possible, that the credit union's name:

-is not already being officially used by another federal credit union;

-will not be confused with NCUA or another federal or state agency, or with another federal credit union;

and

-does not include inappropriate language.

Manual at p. 1-21, Chapter 1, VI--Name Selection.

Region III checked the national database of credit union names when the name change request came in from Jacksonville FCU. The Region found that the name "Jax FCU" was not already being officially used by another credit union; that it would not be confused with any agency or with another federal credit union; and that it did not include inappropriate language .^[1] Region III then granted approval of the name change contingent upon Jax FCU's compliance with its obligation to research any service marks or trademarks in its approval of the name change. Jax Navy FCU does not allege a trade infringement in the use of the name Jax FCU. The Board finds the Region III Director adhered to the policy set forth in the Chartering Manual in approving the name change of Jacksonville FCU to Jax FCU.

Order

For the reasons set forth above, it is ORDERED as follows:

The Region III Director's decision approving the name change of Jacksonville Federal Credit Union to Jax Federal Credit Union is upheld and Jax Navy Federal Credit Union's appeal to rescind the approval is denied.

So Ordered this 23rd day of July, 1997, by the National Credit Union Administration Board.

Becky Baker

Secretary of the Board

[\[1\]](#) Although Jax Navy FCU argues that the two names are confusing, many credit unions co-exist with similar names. In addition to Jax Navy FCU and Jax FCU, the names of two other FCUs in Jacksonville begin with the word “Jax.” (Credit Union Directory, NCUA 8602, June 1997.)