

# Consumer Contract Act

(Act No. 61 of May 12, 2000)

## Table of Contents

Chapter I General Provisions (Articles 1 through 3)

Chapter II Consumer Contracts

Section 1 Rescinding the Manifestation of an Intention to Be Bound by the Offer of a Consumer Contract or by the Acceptance of an Offer for Such a Contract (Articles 4 through 7)

Section 2 Nullity of Consumer Contract Clauses (Articles 8 through 10)

Section 3 Auxiliary Provisions (Article 11)

Chapter III Claims Seeking Injunctions

Section 1 Right to Seek an Injunction (Articles 12 and 12-2)

Section 2 Qualified Consumer Organizations

Subsection 1 Certification of Qualified Consumer Organizations (Articles 13 through 22)

Subsection 2 Services Connected with the Right to Seek an Injunction (Articles 23 through 29)

Subsection 3 Supervision (Articles 30 through 35)

Subsection 4 Auxiliary Provisions (Articles 36 through 40)

Section 3 Special Provisions on Court Proceedings (Articles 41 through 47)

Chapter IV Miscellaneous Provisions (Articles 48 and 48-2)

Chapter V Penal Provisions (Articles 49 through 53)

Supplementary Provisions

## Chapter I General Provisions

(Purpose)

Article 1 The purpose of this Act is to protect the interests of consumers and thereby contribute to the stabilization and improvement of the general welfare and lives of the people and to the sound development of the national economy, in consideration of the disparity in the quality and quantity of information and negotiating power between consumers and traders, by permitting a consumer to rescind the manifestation of an intention to be bound by the offer of a contract or by the acceptance of an offer for such a contract in situations such as when the consumer has misunderstood or was distressed by certain actions by the trader, and by fully or partially nullifying any clauses that exempt a trader from liability for damages or otherwise unfairly harm the interests of consumers, beyond providing qualified consumer organizations with the ability

to demand an injunction against a trader, entrusted party, or agent for the purpose of preventing the occurrence of, or the spreading of damage to, other consumers.

(Definitions)

Article 2 (1) The term "consumer" as used in this Act means an individual (but not one who becomes a party to a contract as a business or for business purposes).

(2) The term "trader" as used in this Act (excluding Article 43, paragraph (2), item (ii)) means a corporation or association, or an individual who becomes a party to a contract as a business or for business purposes.

(3) The term "consumer contract" as used in this Act means a contract entered into between a consumer and a trader.

(4) The term "qualified consumer organization" as used in this Act means a corporation certified by the Prime Minister pursuant to Article 13 as a consumer organization (meaning a consumer organization as referred to in Article 8 of the Basic Consumer Act (Act No. 78 of 1968); the same applies hereinafter) which has the qualifications necessary to exercise the right to seek an injunction as governed by this Act in the interest of a large, non-exclusive group of consumers.

(Efforts of Traders and Consumers)

Article 3 (1) As well as giving forethought, in drafting a consumer contract, to ensuring that contract details such as consumer rights and obligations are clear and plain to the consumer, a trader must also endeavor to provide the necessary information about those contract details when soliciting a consumer to enter into a consumer contract, in order to deepen consumer understanding.

(2) When entering into a consumer contract, a consumer is to endeavor to make use of the information provided by the trader and to understand the details of the contract, such as consumer rights and obligations.

## **Chapter II Consumer Contracts**

### **Section 1 Rescinding the Manifestation of an Intention to Be Bound by the Offer of a Consumer Contract or by the Acceptance of an Offer for Such a Contract**

(Rescinding the Manifestation of an Intention to Be Bound by the Offer of a Consumer Contract or by the Acceptance of an Offer for Such a Contract)

Article 4 (1) A consumer may rescind the manifestation of an intention to be bound by the offer of a consumer contract or by the acceptance of an offer for such a contract if either of the actions set forth in the following items in which

the trader engaged when soliciting the consumer to enter into the consumer contract caused the consumer to be under the mistaken belief prescribed in the relevant item, based on which the consumer manifested the intention to be bound by the offer of that consumer contract or by the acceptance of the offer for such a contract:

- (i) conveying something that diverges from the truth with regard to a piece of material information: a mistaken belief in the truth of what has been conveyed; or
- (ii) providing a conclusive assessment of future prices, amounts of money that a consumer will receive in the future, or anything else whose behavior in the future is uncertain, in connection with goods, rights, services or other object of a consumer contract: a mistaken belief in the certainty of the conclusive assessment.

(2) A consumer may rescind the manifestation of an intention to be bound by the offer of a consumer contract or by the acceptance of an offer for such a contract if a trader, when soliciting the consumer to enter into the contract, conveys to the consumer that a piece of material information or information related to a piece of material information would be advantageous to the consumer, and also intentionally fails to convey a fact regarding that piece of material information that would be disadvantageous to the consumer (but only a fact that a consumer would normally think to be non-existent based on what has been conveyed), causing the consumer to mistakenly believe that the fact in question does not exist, due to which circumstances the consumer has manifested the intention to be bound by the offer of the consumer contract or by the acceptance of the offer for such a contract; provided, however, that this does not apply if the trader has attempted to convey the relevant fact to the consumer and the consumer has rejected the attempt.

(3) A consumer may rescind the manifestation of an intention to be bound by the offer of a consumer contract or by the acceptance of an offer for such a contract if the consumer manifested that intention as a result of being overwhelmed due to the trader's having engaged in one of the following actions when soliciting the consumer to enter into the consumer contract:

- (i) failing to leave the consumer's residence or place of business, in defiance of the consumer's request that the trader leave that place; or
- (ii) preventing a consumer from leaving the place where the trader is soliciting the consumer to enter into the consumer contract, in defiance of the consumer's request to leave.

(4) A consumer may rescind the manifestation of an intention to be bound by the offer of a consumer contract or by the acceptance of an offer for such a contract if the trader knew, when soliciting the consumer to enter into the consumer contract, that the quantity, the frequency, or the duration (hereinafter referred

to in this paragraph as a "quantity, frequency, or duration") of the goods, rights, services or other object of the consumer contract greatly exceeded the normal quantity, frequency, or duration for a consumer (meaning the quantity, frequency, or duration that would normally be presumed to be that of the object of such a consumer contract in light of the transaction conditions and substance of the object of the contract, the consumer's situation in life at the time of the trader's solicitation to enter into the contract, and the consumer's awareness of this; hereinafter the same applies in this paragraph), and if the consumer manifested the intention to be bound based on that solicitation. The same applies if a trader knew, when soliciting a consumer to enter into a consumer contract, that the consumer had already entered into another consumer contract whose object was of the same type as the object of the consumer contract whose conclusion the trader was soliciting (hereinafter referred to in this paragraph as the "contract of the same type") and the total quantity, frequency, or duration of the object of the contract of the same type and the object of the consumer contract in question greatly exceeds the normal quantity, frequency, or duration for a consumer, and if the consumer manifested the intention to be bound based on that solicitation.

- (5) The term "material information" as used in paragraph (1), item (i) and paragraph (2) means the following information (excluding the information set forth in item (iii) below, in a case provided for in paragraph (2)) in connection with a consumer contract:
- (i) the quality, purpose of use, and other details of the goods, rights, services, or other object of the consumer contract which would usually impact a consumer's decision as to whether to enter into that contract;
  - (ii) the price and other conditions of a transaction involving the goods, rights, services, or other object of the consumer contract which would usually impact a consumer's decision as to whether to enter into that contract; and
  - (iii) circumstances beyond as set forth in the preceding two items, in which the goods, rights, services, or other object of the consumer contract is generally judged to be necessary in order to avoid damage or risk to the consumer's life, person, property, or other material interests.
- (6) The rescission of the manifestation of an intention to be bound by the offer of a consumer contract or by the acceptance of an offer for such a contract as under paragraphs (1) through (4) may not be asserted against a third party in good faith.

(Third Parties and Agents Entrusted as Intermediaries)

Article 5 (1) The preceding Article applies mutatis mutandis if a trader entrusts a third party to act as an intermediary in concluding a consumer contract between the trader and a consumer (referred to simply as "entrustment" for

purposes of this paragraph), and the third party (including a person entrusted by such a third party (including further entrustment at the second or higher degree of separation from the original entrustment); referred to as a "directly or indirectly entrusted party" hereinafter) acts in any of the ways provided for in paragraphs (1) through (4) of the preceding Article toward the consumer. In such a case, the term "trader" in the proviso to paragraph (2) of the preceding Article is deemed to be replaced with the "trader or a directly or indirectly entrusted party provided for in paragraph (1) of the following Article".

- (2) The agent of a consumer (including a subagent (including any person appointed as a subagent at the second or higher degree of separation from the original agent); the same applies hereinafter), trader, or directly or indirectly entrusted party involved in the conclusion of a consumer contract is deemed to be the consumer, trader, or directly or indirectly entrusted party in relation to the application of paragraphs (1) through (4) of the preceding Article (including as applied *mutatis mutandis* pursuant to the preceding paragraph; the same applies to Articles from the following Article through Article 7).

#### (Interpretative Provisions)

Article 6 Article 4, paragraphs (1) through (4) must not be interpreted as precluding the application of Article 96 of the Civil Code (Act No. 89 of 1896) to the manifestation of an intention to be bound by the offer of a consumer contract or by the acceptance of an offer for such a contract falling under these paragraphs.

#### (Payment Refund Obligation of a Consumer Exercising the Right to Rescind)

Article 6-2 Notwithstanding Article 121-2, paragraph (1) of the Civil Code, a consumer who has received payment in performance of an obligation under a consumer contract is obliged to refund this to the extent actually enriched by the consumer contract, if the consumer has rescinded the manifestation of an intention to be bound by the offer of a consumer contract or by the acceptance of an offer for such a contract pursuant to the provisions of Article 4, paragraphs (1) through (4), and if, at the time of receiving the payment, the consumer did not know that the manifestation of the intention to be bound was rescindable.

#### (Period for Exercising the Right to Rescind)

Article 7 (1) The right to rescind under Article 4, paragraphs (1) through (4) lapses by prescription if it is not exercised within one year from the time that ratification becomes possible. The same applies once five years have elapsed since the conclusion of a consumer contract.

- (2) If a subscription for shares or equity or a contribution of funds that the

Companies Act (Act No. 86 of 2005) or any other Act establishes may not be rescinded on the grounds of fraud or duress is undertaken as a consumer contract, the consumer may not rescind, pursuant to Article 4, paragraphs (1) through (4), the manifestation of an intention to be bound by the subscription for shares or equity or by the contribution of funds.

## **Section 2 Nullity of Consumer Contract Clauses**

(Nullity of Clauses Exempting a Trader from Liability for Damages)

Article 8 (1) The following consumer contract clauses are void:

- (i) clauses completely exempting a trader from liability to compensate a consumer for damage arising from default by the trader;
  - (ii) clauses partially exempting a trader from liability to compensate for damage arising from default by the trader (limited to default which arises due to an intentional act or gross negligence on the part of the trader or the trader's representative or employee);
  - (iii) clauses completely exempting a trader from liability to compensate for damage to a consumer arising from a tort committed by the trader during the trader's performance of the consumer contract;
  - (iv) clauses partially exempting a trader from liability to compensate for damage to a consumer arising from a tort committed by the trader (limited to cases in which this arises due to an intentional act or gross negligence on the part of the trader or the trader's representative or employee) during the trader's performance of the consumer contract; and
  - (v) clauses completely exempting the trader from liability to compensate the consumer for damage that the consumer incurs due to a latent defect in the subject matter of a consumer contract that constitutes a contract for value (or due to a defect in the subject matter of the work under a consumer contract that constitutes a contract for work; the same applies in the following paragraph).
- (2) The preceding paragraph does not apply to clauses as provided in item (v) of the preceding paragraph if:
- (i) the consumer contract provides that in the event of a latent defect in the subject matter of that contract, the trader is responsible for delivering non-defective goods in their place or for repairing the defect; and
  - (ii) a previously or simultaneously concluded contract between the contracting consumer and another trader entrusted by the contracting trader, or a previously or simultaneously concluded contract made between the contracting trader and another trader for the benefit of the consumer provides that, in the event of any latent defect in the subject matter of the consumer contract, the other trader is fully or partially responsible for

compensating the consumer for damage that the consumer incurs due to that defect, for delivering non-defective goods in place of the defective subject matter, or for repairing the defect.

(Nullity of Clauses That Force Consumers to Waive Their Right to Cancel)

Article 8-2 The following consumer contract clauses are void:

- (i) clauses that force the consumer to waive the right to cancel that arises if the trader defaults; and
- (ii) clauses forcing the consumer to waive the right to cancel that arises if there is a latent defect in the subject matter of a consumer contract that constitutes a contract for value (or if there is a defect in the subject matter of the work under a consumer contract that constitutes a contract for work).

(Nullity of Clauses Stipulating the Amount of Damages to Be Paid by a Consumer)

Article 9 The following consumer contract clauses are void to the extent provided in each item:

- (i) clauses stipulating liquidated damages or a fixed penalty for contract cancellation in a total amount that exceeds the average amount of damage that the trader would incur from the cancellation of a consumer contract of the same type, as a function of the categories of circumstances established in those clauses such as the reason for or timing of the cancellation: the part of the stipulated damages or penalty that exceeds the average amount that would be incurred; and
- (ii) clauses stipulating liquidated damages or a fixed penalty for if the customer fails to pay all or part of an amount of money under the contract by the due date for payment (or by each of the due dates for payment, if there are two or more payments; hereinafter the same applies in this item), in a total amount that exceeds the amount arrived at when the amount owing on the due date less the part of that amount that has actually been paid as of the due date is multiplied by 14.6% per annum, based on the number of days in the period from the day after the due date for payment until the day on which the money is paid: the part of the stipulated damages or penalty that exceeds the amount so calculated.

(Nullity of Clauses Unilaterally Prejudicial to Consumers' Interests)

Article 10 A consumer contract clause is void if it deems a consumer's inaction to constitute the manifestation of an intention to be bound by the offer of a consumer contract or by the acceptance of an offer for such a contract, or if it otherwise restricts a consumer's rights or expands a consumer's obligations beyond as when legal or regulatory provisions unrelated to public order are

applied, unilaterally prejudicing the interests of the consumer in violation of the fundamental principle provided in Article 1, paragraph (2) of the Civil Code.

### **Section 3 Auxiliary Provisions**

(Application of Other Acts)

Article 11 (1) Beyond as prescribed in this Act, rescission of the manifestation of an intention to be bound by the offer of a consumer contract or by the acceptance of an offer for such a contract and the validity of clauses in a consumer contract are governed by the Civil Code and the Commercial Code (Act No. 48 of 1899).

(2) If a law or regulation other than the Civil Code and the Commercial Code specifically provides for rescission of the manifestation of an intention to be bound by the offer of a consumer contract or by the acceptance of an offer for such a contract and the validity of clauses in a consumer contract, that law or regulation supersedes this Act.

## **Chapter III Claims Seeking Injunctions**

### **Section 1 Right to Seek an Injunction**

(Right to Seek an Injunction)

Article 12 (1) If, when soliciting a large, non-exclusive group of consumers to conclude consumer contracts, a trader, a directly or indirectly entrusted party, or the agent of a trader or directly or indirectly entrusted party (hereinafter referred to as a "trader, entrusted party, or agent") has been engaging in or is likely to engage in an action provided for in Article 4, paragraphs (1) through (4) (other than in a case falling under the proviso to paragraph (2) of that Article; the same applies in the following paragraph), a qualified consumer organization may demand that the trader, entrusted party, or agent cease or prevent that action or dispose of or remove materials used in it, and may otherwise take the necessary measures to stop that action or prevent it; provided, however, that this does not apply if laws other than the Civil Code and the Commercial Code do not permit the consumer contract to be rescinded on the grounds of that action.

(2) If, when soliciting a large, non-exclusive group of consumers to conclude consumer contracts, a person set forth in one of the following items has been engaging in or is likely to engage in an action provided for in Article 4, paragraphs (1) through (4), a qualified consumer organization may demand that the person provided for in the relevant item instruct the person set forth in that item to rectify this or stop the person set forth in that item from inducing customers into consumer contracts, and may otherwise take the



necessary measures to stop that action or prevent it. In such a case, the proviso of the preceding paragraph applies *mutatis mutandis*:

- (i) a directly or indirectly entrusted party: the trader or the other directly or indirectly entrusted party that entrusted the relevant directly or indirectly entrusted party (including entrustment at the second or higher degree of separation from the original entrustment); and
  - (ii) the agent of a trader or of a directly or indirectly entrusted party: the trader or directly or indirectly entrusted party that appointed the relevant agent as its own agent, or any other agent of such a trader or directly or indirectly entrusted party.
- (3) If, when entering into consumer contracts with a large, non-exclusive group of consumers, a trader or its agent has been manifesting or is likely to manifest the intention to be bound by the offer of a consumer contract that includes any clause as referred to in Articles 8 through 10 (excluding a consumer contract clause under Article 8, paragraph (1), item (v) that falls under one of the items of paragraph (2) of that Article; the same applies to the following paragraph) or to be bound by the acceptance of an offer for such a contract, a qualified consumer organization may demand that the trader or its agent cease or prevent that action or dispose of or remove materials used in it, and may otherwise take the necessary measures to stop that action or prevent it; provided, however, that this does not apply if, based on laws other than the Civil Code and the Commercial Code, the relevant clauses are not nullified.
- (4) If, when entering into consumer contracts with a large, non-exclusive group of consumers, a trader's agent has been manifesting or is likely to manifest the intention to be bound by the offer of a consumer contract that includes any clause as referred to in Articles 8 through 10 or by the acceptance of an offer for such a contract, a qualified consumer organization may demand that the trader or the other agent whose agent it is, instruct that agent to rectify this or stop that agent from inducing consumers into consumer contracts, and may otherwise take the necessary measures to stop that action or prevent it. In such a case, the proviso of the preceding paragraph applies *mutatis mutandis*.

#### (Restrictions on Claims Seeking Injunctions)

Article 12-2 (1) It is not permissible to file a claim based on the preceding Article, Article 10 of the Act against Unjustifiable Premiums and Misleading Representations (Act No. 134 of 1962), or Article 58-4 through 58-9 of the Act on Specified Commercial Transactions (Act No. 57 of 1976) (hereinafter referred to as a "claim seeking an injunction") if:

- (i) this is done with the intention of obtaining an unjustifiable profit for the qualified consumer organization or a third party, or to cause damage to the adverse party against which the filer is filing the claim; and

- (ii) the substance of the claim and the adverse party are the same as those for which a final judgment or equally binding disposition (meaning a final and binding judgment or anything with the same effect; this excludes what is set forth in (a) through (c) below; hereinafter the same applies) already exists from previous legal proceedings (meaning litigation, proceedings connected with petitions for settlement, mediation, and arbitration; the same applies hereinafter) to which another qualified consumer organization was party and in which a claim seeking an injunction was filed; provided, however, that this does not apply if that other qualified consumer organization has had its certification as referred to in paragraph (1) of the following Article rescinded in connection with the legal proceedings leading to the final and binding judgment on the grounds set forth in Article 34, paragraph (1), item (iv), nor does it apply if, pursuant to paragraph (3) of that Article, a finding is reached that there were grounds as set forth in that item as regards that other organization, in connection with those proceedings:
- (a) a final and binding judgment dismissing the lawsuit without prejudice;
  - (b) a final and binding judgment or an arbitration award dismissing the claim for an injunction only on the grounds provided in the preceding item; or
  - (c) a final and binding judgment or any other judgment with an equivalent effect that dismisses a claim seeking a declaratory judgment confirming that there is no right to file a claim seeking an injunction (hereinafter referred to as a "right to seek an injunction") or that no obligation exists in connection with a person's right to seek an injunction (referred to as a "claim seeking a judgment declaring the non-existence of a right to seek an injunction or a related obligation" in Article 24).
- (2) The main clause of item (ii) of the preceding paragraph does not preclude a person from filing a claim seeking an injunction in a case as set forth in the main clause of that item based on grounds arising after the conclusion of oral arguments in the lawsuit subject to the final and binding judgment in question, or based on grounds arising after the establishment of anything with the same effect as such a final and binding judgment.

## **Section 2 Qualified Consumer Organizations**

### **Subsection 1 Certification of Qualified Consumer Organizations; Related Matters**

(Certification of Qualified Consumer Organizations)

Article 13 (1) A person seeking to provide services connected with the right to seek an injunction (meaning the service of exercising the right to seek an injunction to protect the interests of a large, non-exclusive group of consumers;

the collection of the necessary information on damage to consumers in order to perform that service; and services involved in providing information on the results of its exercise of the right to seek an injunction which contributes to prevention and remediation of harm to consumers; the same applies hereinafter) must be certified to do so by the Prime Minister.

- (2) A person seeking to be certified as referred to in the preceding paragraph must apply to the Prime Minister for certification.
- (3) The Prime Minister may grant certification as referred to in paragraph (1) to a person applying for certification as referred to in the preceding paragraph only if that person meets all of the following requirements:
  - (i) it is a specified non-profit corporation as provided in Article 2, paragraph (2) of the Act to Promote Specified Non-profit Activities (Act No. 7 of 1998) or a general incorporated association or general incorporated foundation;
  - (ii) as its main objective, it engages in activities such as collecting and providing information on consumer affairs, preventing and remedying harm to consumers, and other activities to protect the interests of a large, non-exclusive group of consumers, and it is found to have been properly carrying out those activities for a reasonable period of time;
  - (iii) it has in place the proper systems and methods for implementing services connected with the right to seek an injunction, the proper methods for managing and maintaining the confidentiality of information obtained in the course of those services, and other organizational frameworks and rules of operation to appropriately carry out those services;
  - (iv) it meets the following requirements with regard to its directors:
    - (a) it has in place a council consisting of directors to perform the decision-making functions related to providing services connected with the right to seek an injunction, and the decision-making process is established in the articles of incorporation in conformity with the following requirements:
      - 1. council resolutions are reached by a simple majority of the directors or by a majority vote exceeding this proportion; and
      - 2. decisions related to claims seeking injunctions as under Article 41, paragraph (1), the filing of lawsuits involving claims seeking injunctions, and other important matters related to the provision of services connected with the right to seek an injunction are not delegated to specific directors or other persons.
    - (b) the composition of the directors is not such as falls under either 1 or 2 below; in this, a person meeting the requirements set forth in item (ii) is deemed not to be a trader falling under 1 or 2 below:
      - 1. more than one third of the total number of directors are the affiliates of a specific trader (a "specific trader" includes any person whose affiliation with the relevant trader involves half or more of the total

- number of either of their issued shares being held by the other, and also includes any other person affiliated with the relevant trader through a special relationship that Cabinet Office Order prescribes) (an "affiliate" means a person that constitutes the trader itself, its officer or employee, or any other person that Cabinet Office Order prescribes; the same applies in 2., below); and
2. more than half of the total number of the directors are the affiliates of traders that engage in the same type of business (according to the classifications provided by Cabinet Office Order).
- (v) it is found to have the expertise and professional experience necessary to properly provide services connected with the right to seek an injunction, in light of the fact that it has in place a framework under which the persons set forth in (a) and (b) as follows (hereinafter referred to as "expert advisers") are able to jointly provide the necessary advice and opinions, based on their expertise and professional experience, in the department that reviews the necessity of claims seeking injunctions and the contents thereof, or in light of any other human resources system that the person has for performing services connected with the right to seek an injunction:
- (a) persons meeting the requirements that Cabinet Office Order prescribes, as persons with expertise and professional experience in providing consultations regarding complaints arising between consumers and traders (referred to as "consumer affairs consultations" in Article 40, paragraph (1)) and other consumer affairs matters; and
- (b) attorneys, judicial scriveners, and other persons meeting the requirements that Cabinet Office Order prescribes, as persons with professional expertise and experience in the law.
- (vi) it has a sufficient financial basis to properly provide services connected with the right to seek an injunction; and
- (vii) if it also provides services other than services connected with the right to seek an injunction, it is unlikely that those services will interfere with its provision of services connected with the right to seek an injunction.
- (4) The rules of operation mentioned in item (iii) of the preceding paragraph must set forth the way of implementing services connected with the right to seek an injunction, the way of managing and maintaining the confidentiality of information obtained in the course of providing those services, and the other information that Cabinet Office Order prescribes. In this, the way of implementing services connected with the right to seek an injunction set forth in the rules of operation must include measures for obtaining advice from and hearing the opinions of an expert adviser in the department responsible for the reviews provided for in item (v) of the preceding paragraph; measures for if an officer, employee, or expert advisor holds a special interest in the adverse party

against which a claim seeking an injunction is filed, and other measures for ensuring that services are implemented fairly.

(5) A person falling under one of the following items may not be certified as referred to in paragraph (1):

- (i) a corporation that has been sentenced to a fine for violating this Act, any other consumer protection law that Cabinet Order prescribes, an Order based on this Act or on such a law, or measures based on such an Order, if it has not been three years since the day on which the corporation completed the sentence or ceased to be subject to its enforcement;
- (ii) a corporation that has had its certification as referred to in paragraph (1) rescinded on the grounds set forth in one of the items of Article 34, paragraph (1) or with respect to which a finding has been reached, pursuant to paragraph (3) of that Article, that there were grounds as set forth in item (iv) of that paragraph, if three years have not yet passed since the day of the rescission or the finding;
- (iii) a corporation whose business activities are controlled by a member of an organized crime group as provided in Article 2, item (vi) of the Act on Preventing Improprieties by Members of Organized Crime Groups (Act No. 77 of 1991) (hereinafter referred to as a "member of an organized crime group" in this item) or by a person that has not yet gone five years without being a member of an organized crime group (referred to as "current or former member of an organized crime group" in the following item and item (vi)(c));
- (iv) a corporation likely to engage or use as an assistant in its business activities a current or former member of an organized crime group;
- (v) a political organization (meaning a political organization as provided under Article 3, paragraph (1) of the Political Funds Control Act (Act No. 194 of 1948));
- (vi) a corporation with an officer falling under one of the following items:
  - (a) a person sentenced to imprisonment without work or a heavier punishment, or a person sentenced to a fine for violating this Act, any other consumer protection law that Cabinet Order prescribes, an Order based on this Act or on such a law, or measures based on such an Order, if it has not yet been three years since the day on which the person completed the sentence or ceased to be subject to its enforcement;
  - (b) a person that, during the six months prior to the rescission or finding in question, was the officer of a qualified consumer organization that has had its certification as referred to in paragraph (1) rescinded on the grounds set forth in one of the items of Article 34, paragraph (1) or for which a finding has been reached, pursuant to paragraph (3) of that Article, that there were grounds as set forth in item (iv) of that paragraph, if three

- years have not yet passed since the day of the rescission or the finding;
- (c) the current or former member of an organized crime group.

(Applying for Certification)

Article 14 (1) To apply for certification as referred to in paragraph (2) of the preceding Article, a person must submit a written application containing the following information to the Prime Minister:

- (i) the person's name and address, and the name of its representative;
- (ii) the location of the office at which it seeks to provide the services connected with the right to seek an injunction; and
- (iii) information that Cabinet Office Order prescribes, beyond what is set forth in the preceding two items.

(2) The following documents must accompany an application as referred to in the preceding paragraph:

- (i) the articles of incorporation;
- (ii) a document evidencing that the applicant has been properly engaging in activities related to protecting the interests of a large, non-exclusive group of consumers for a considerable period of time;
- (iii) a written business plan for services connected with the right to seek an injunction;
- (iv) a document evidencing that the applicant has in place a framework for providing services connected with the right to seek an injunction;
- (v) the rules of operation;
- (vi) the documents set forth in the following items concerning the applicant's officers, employees, and expert advisers:
  - (a) a document giving their names, positions, and occupations; and
  - (b) a document giving their addresses, brief biographical outlines, and other information that Cabinet Office Order prescribes.
- (vii) a document setting forth the number of members of the corporation referred to in Article 13, paragraph (3), item (i) and whether they are individuals, corporations, or other bodies (including the number of members if the members are corporations or other bodies);
- (viii) recent years' inventories of property, balance sheets, income and expenditure statements, and other financial records evidencing the applicant's financial basis;
- (ix) a document in which the applicant states that it does not fall under any of the items of Article 13, paragraph (5);
- (x) if the applicant provides any services other than services connected with the right to seek an injunction, a document giving information on the type of services and a brief description of those services; and
- (xi) other documents that Cabinet Office Order prescribes.

(Public Notice and Inspection of Applications for Certification)

- Article 15 (1) Pursuant to Cabinet Office Order and without delay after a person has applied for certification under Article 14, beyond issuing public notice of this and of the information set forth in Article 14, paragraph (1), items (i) and (ii), the Prime Minister must make the documents set forth in the items of Article 14, paragraph (2) (excluding item (vi)(b), item (ix), and item (xi)) available for public inspection for two weeks after the public notice.
- (2) Before granting a certification as referred to in Article 13, paragraph (1), the Prime Minister is to hear the opinion of the Minister of Economy, Trade and Industry regarding whether there are grounds as provided in Article 13, paragraph (3), item (ii).
- (3) If the Prime Minister suspects a person applying for certification under the preceding Article to fall under Article 13, paragraph (5), item (iii) or (iv) or item (vi)(c), the Prime Minister is to seek the opinion of the Director-General of the National Police Agency.

(Public Notice of Certification)

- Article 16 (1) Pursuant to Cabinet Office Order, once the Prime Minister has certified a qualified consumer organization as referred to in Article 13, paragraph (1), beyond issuing public notice of its name and address, the office address at which it will provide services connected with the right to seek an injunction, and the date of the certification, the Prime Minister is to notify the qualified consumer organization of this in writing.
- (2) Pursuant to Cabinet Office Order, a qualified consumer organization must post an easily visible indication that it is a qualified consumer organization somewhere in the office at which it provides the services connected with the right to seek an injunction.
- (3) A person that is not a qualified consumer organization must not use any letters or characters in its name that would likely cause it to be mistaken for a qualified consumer organization, and must not give any indication regarding its operations that would likely cause it to be mistaken for a qualified consumer organization.

(Valid Term of Certification)

- Article 17 (1) The certification referred to in Article 13, paragraph (1) is valid for six years from the date of the certification.
- (2) A qualified consumer organization seeking to continue to provide services connected with the right to seek an injunction after the end of the term of validity referred to in the preceding paragraph must apply to renew the term of validity.

- (3) A qualified consumer organization seeking to renew, as referred to in the preceding paragraph, a term of validity as referred to in paragraph (1) must apply to the Prime Minister for renewal of this term during the period from 60 to 90 days prior to the day on which it expires (hereinafter referred to as "renewal application period"); provided, however, that this does not apply if the person cannot apply for a renewal during the renewal application period due to a disaster or other compelling reason.
- (4) If a person has applied for a renewal as referred to in the preceding paragraph but the application is not processed by the day on which the term of validity referred to in paragraph (1) expires, the prior certification remains valid even after the term of validity expires, until such time as the application is processed.
- (5) In a case as referred to in the preceding paragraph, when the term of validity is renewed as referred to in paragraph (2), the term of validity of that certification is to start from the day following the date on which the term of validity for the prior certification expires.
- (6) Article 13 (excluding paragraph (1) and paragraph (5), item (ii)), Article 14, Article 15, and paragraph (1) of the preceding Article apply mutatis mutandis to the renewal of a term of validity as referred to in paragraph (2); provided, however, that documents as set forth in the items of Article 14, paragraph (2) need not accompany the renewal application if the substance of the documents that have already been submitted to the Prime Minister has not changed.

(Filing Notification of a Change)

Article 18 If information as set forth in one of the items of Article 14, paragraph (1) or information given in a document as set forth in one of the items of paragraph (2) of that Article (excluding items (ii) and (xi)) has changed, a qualified consumer organization must file a written notification of this with the Prime Minister without delay and pursuant to Cabinet Office Order; provided, however, that this does not apply if the change is one that Cabinet Office Order prescribes as being minor.

(Filing Notification of a Merger; Approval of a Merger; Related Matters)

Article 19 (1) If a corporation that is a qualified consumer organization merges with another corporation that is a qualified consumer organization, the corporation remaining in existence after the merger or the corporation incorporated in the merger succeeds to the status that the corporation disappearing in the merger held as a qualified consumer organization under this Act.

- (2) A corporation that has succeeded, pursuant to the preceding paragraph, to the status that a corporation disappearing in a merger held as a qualified



consumer organization under this Act must notify the Prime Minister of this without delay.

- (3) If a corporation that is a qualified consumer organization merges with a corporation that is not a qualified consumer organization, the corporation remaining in existence after the merger or the corporation incorporated in the merger succeeds to the status that the corporation disappearing in the merger held as a qualified consumer organization under this Act only if the Prime Minister has approved the merger.
- (4) A qualified consumer organization seeking the approval referred to in the preceding paragraph must apply to the Prime Minister for the approval during the period from 60 to 90 days before the date on which the merger is to take effect (hereinafter referred to in this paragraph as "approval application period"); provided, however, that this does not apply if the organization cannot apply for approval during the approval application period due to a disaster or other compelling reason.
- (5) If an organization has applied for approval as referred to in the preceding paragraph but the application is not processed by the date on which the merger takes effect, the corporation remaining in existence after the merger or the corporation incorporated in the merger is deemed to succeed to the status that the corporation disappearing in the merger held as a qualified consumer organization under this Act, until such time as the application is processed.
- (6) Article 13 (excluding paragraph (1)), Article 14, Article 15, and Article 16, paragraph (1) apply mutatis mutandis to the approval referred to in paragraph (3).
- (7) If a corporation that is a qualified consumer organization merges with a corporation that is not a qualified consumer organization but does not apply for the approval referred to in paragraph (4), it must file a notification of this with the Prime Minister by the day on which the merger takes effect.
- (8) If a person has filed a notification as under paragraph (2) or the preceding paragraph, the Prime Minister is to issue public notice of this pursuant to Cabinet Office Order.

(Filing Notification of a Business Transfer; Approval of a Business Transfer;  
Other Matters)

- Article 20 (1) If a corporation that is a qualified consumer organization transfers the entirety of its business involving services connected with the right to seek an injunction to another corporation that is a qualified consumer organization, the transferee succeeds to the status that the transferor held as a qualified consumer organization under this Act.
- (2) A corporation that has succeeded, pursuant to the preceding paragraph, to the status that the transferor held as a qualified consumer organization under this

Act must notify the Prime Minister of this without delay.

- (3) If a corporation that is a qualified consumer organization transfers the entirety of its business involving services connected with the right to seek an injunction to another corporation that is not a qualified consumer organization, the transferee succeeds to the status that the transferor held as a qualified consumer organization under this Act only if the Prime Minister has approved the transfer.
- (4) A qualified consumer organization seeking the approval referred to in the preceding paragraph must apply to the Prime Minister for the approval during the period from 60 to 90 days before the date of the transfer (hereinafter referred to in this paragraph as the "approval application period"); provided, however, that this does not apply if the organization cannot apply for approval during the approval application period due to a disaster or other compelling reason.
- (5) If a person has applied for approval as referred to in the preceding paragraph but the application is not processed by the date of the transfer, the transferee is deemed to succeed to the status that the transferor held as a qualified consumer organization under this Act, until such time as the application is processed.
- (6) Article 13 (excluding paragraph (1)), Article 14, Article 15, and Article 16, paragraph (1) apply mutatis mutandis to the approval referred to in paragraph (3).
- (7) If a corporation that is a qualified consumer organization transfers the entirety of its business involving services connected with the right to seek an injunction to another corporation that is not a qualified consumer organization, but does not apply for the approval referred to in paragraph (4), it must file notification of this with the Prime Minister by the date of the transfer.
- (8) If a person has filed a notification as under paragraph (2) or the preceding paragraph, the Prime Minister is to issue public notice of this pursuant to Cabinet Office Order.

(Filing Notification of a Dissolution or Discontinuation of Services)

Article 21 (1) If a qualified consumer organization comes to fall under one of the following items, the person set forth in that item must file notification of this with the Prime Minister without delay:

- (i) it undergoes a dissolution due to an order commencing bankruptcy proceedings: the bankruptcy trustee;
- (ii) it undergoes a dissolution for any reason other than a merger or a bankruptcy commencement ruling: the liquidator; and
- (iii) it discontinues its services connected with the right to seek an injunction: a representative of the corporation.

- (2) If a person has filed a notification as under the preceding paragraph, the Prime Minister is to issue public notice of this pursuant to Cabinet Office Order.

(Lapse of Certification)

Article 22 If any of the following grounds arise with regard to a qualified consumer organization, the certification referred to in Article 13, paragraph (1) ceases to be valid:

- (i) the term of validity of its certification as referred to in Article 13, paragraph (1) has passed (or its certification has become subject to a disposition denying renewal of the term of validity, in a case as prescribed in Article 17, paragraph (4));
- (ii) the corporation that constitutes that qualified consumer organization merges with a corporation that is not a qualified consumer organization, and the merger takes effect without passing through the approval referred to in Article 19, paragraph (3) (or takes effect after the issuance of a disposition denying approval for the merger, in a case as prescribed in paragraph (5) of that Article);
- (iii) the corporation that constitutes that qualified consumer organization transfers the entirety of its business involving services connected with the right to seek an injunction to another corporation that is not a qualified consumer organization, and the transfer is made without passing through the approval referred to in Article 20, paragraph (3) (or is made after the issuance of a disposition denying approval for the transfer, in the case as prescribed in paragraph (5) of that Article); or
- (iv) the qualified consumer organization has come to fall under one of the items set forth in paragraph (1) of the preceding Article.

**Subsection 2 Services Connected with the Right to Seek an Injunction**

(Exercising the Right to Seek an Injunction)

Article 23 (1) A qualified consumer organization must appropriately exercise its right to seek an injunction in the interest of a large, non-exclusive group of consumers.

- (2) A qualified consumer organization must not abuse its right to seek an injunction.
- (3) Beyond exercising their right to seek an injunction jointly as a function of the nature of the case, qualified consumer organizations must endeavor to cooperate and coordinate with one another in providing services connected with the right to seek an injunction.
- (4) Beyond notifying other qualified consumer organizations without delay and

pursuant to Cabinet Office Order in any of the following cases, a qualified consumer organization must report that the following is the case to the Prime Minister, giving the details of the case and any other information that Cabinet Office Order prescribes. If, in such a case, instead of notifying the other qualified consumer organizations and reporting to the Prime Minister, the qualified consumer organization takes the measures that Cabinet Office Order prescribes to put the same information into a format that all of the qualified consumer organizations and the Prime Minister can access by electronic or magnetic means (meaning through the use of an electronic data processing system or any other application of information and communications technology; the same applies hereinafter), it is deemed to have notified those organizations of the case in question and reported it to the Prime Minister:

- (i) if it files a claim seeking an injunction under Article 41, paragraph (1) (including as applied *mutatis mutandis* pursuant to paragraph (3) of that Article);
- (ii) if it files a claim seeking an injunction outside of court, other than as prescribed in the preceding item;
- (iii) if an action (including a petition for settlement or mediation or an arbitration agreement) has been filed involving a claim seeking an injunction, or a petition has been filed for a provisional disposition order;
- (iv) when a judgment is rendered in connection with a claim seeking an injunction (including settlement by mediation, notification of a decision in lieu of mediation, or an arbitration award) or upon notification of a ruling on a petition for a provisional disposition order connected with a claim seeking an injunction;
- (v) upon the filing of an appeal against a judgment as referred to in the preceding item (including the filing of an objection to a decision in lieu of mediation or the filing of a request for rescission of an arbitration award) or upon the filing of an appeal against a ruling as referred to in the preceding item;
- (vi) when a judgment as referred to in item (iv) (including a decision in lieu of mediation or an arbitration award) or a ruling as referred to in that item becomes final and binding;
- (vii) when a judicial settlement is reached in connection with a claim seeking an injunction;
- (viii) when a lawsuit involving a claim seeking an injunction (including proceedings involving a petition for settlement, mediation proceedings, or arbitration proceedings) or proceedings involving a provisional disposition order in connection with a claim seeking an injunction have ended, other than as set forth in items (vi) and (vii);
- (ix) when an extra-judicial settlement has been reached involving a claim

- seeking an injunction, or when any other agreement has been reached or failed to be reached with an adverse party in connection with a claim seeking an injunction;
- (x) before it seeks to take any action with respect to a claim seeking an injunction that would involve the waiver of the claim, a settlement, the withdrawal of an appeal, or any other proceedings that Cabinet Office Order prescribes, and that would result in a final and binding judgment or anything with the same effect; or
  - (xi) if it has taken any other action that Cabinet Office Order prescribes in connection with proceedings involving a claim seeking an injunction.
- (5) Having received a report under the preceding paragraph, the Prime Minister is to communicate the date and time of the report, an outline thereof, and any other information that Cabinet Office Order prescribes to the other qualified consumer organizations and to the Ministry of Economy, Trade and Industry, by taking measures to put the same information into a format that all of the qualified consumer organizations as well as the Prime Minister and the Minister of Economy, Trade and Industry can access by electronic or magnetic means, or in any other way that Cabinet Office Order prescribes.
- (6) If there is an enforceable final judgment or equally binding disposition as referred to in the main clause of Article 12-2, paragraph (1), item (ii) a qualified consumer organization may not waive the right to seek an injunction underlying it.

(Handling of Information on Harm to Consumers)

Article 24 A qualified consumer organization must first obtain consent from the consumer before using information in connection with its exercise of the right to seek an injunction (including a lawsuit involving a request to confirm the absence of a right to seek an injunction or a related obligation; the same applies to Article 28) that it has collected from a consumer on harm suffered by that consumer, if it will use this in such a way that the adverse party or third parties can identify the consumer suffering the harm.

(Duty of Confidentiality)

Article 25 It is prohibited for the past or present officer, employee, or expert advisor of a qualified consumer organization to disclose confidential information learned while providing services connected with the right to seek an injunction, without legitimate grounds for doing so.

(Disclosure of Names)

Article 26 A person engaged in providing services connected with the right to seek an injunction at a qualified consumer organization must disclose the

name of the organization, the person's name and title or position at the organization, and other information that Cabinet Office Order prescribes to the adverse party upon request, when providing those services.

(Provision of Information Related to Judgments)

Article 27 A qualified consumer organization must endeavor to inform consumers of the contents of judgments involving claims seeking injunctions (including anything with the same effect as a final and binding judgment, and also including decisions on petitions for provisional disposition orders) or of extra-judicial settlements, and other necessary information.

(Prohibition on Receiving Economic Benefits)

Article 28 (1) Except in the following cases, it is prohibited for a qualified consumer organization to receive an economic benefit from the adverse party to a claim seeking an injunction, in the form of a contribution or donation or under any other name, in connection with its exercise of the right to seek an injunction:

- (i) if it receives an economic benefit as reimbursement in an amount equivalent to its court costs from an adverse party that has been ordered to bear the court costs (or the costs of settlement, mediation, or arbitration proceedings) in a judgment on a claim seeking an injunction (including anything with the same effect as a final and binding judgment or a ruling on a petition for a provisional disposition order; hereinafter the same applies in this paragraph) or in a ruling as referred to in Article 73, paragraph (1) of the Code of Civil Procedure (Act No. 109 of 1996);
  - (ii) if it receives an economic benefit in the form of a monetary payment ordered pursuant to Article 172, paragraph (1) of the Civil Execution Act (Act No. 4 of 1979) based on a judgment on a claim seeking an injunction;
  - (iii) if it receives an economic benefit in the form of a reimbursement of the costs to enforce a judgment on a claim seeking an injunction; and
  - (iv) if it receives an economic benefit as the payment of a penalty agreed upon to ensure the performance of the obligations of the adverse party to a claim seeking an injunction.
- (2) It is prohibited for the officer, employee, or expert advisor of a qualified consumer organization to receive money or any other economic benefit from the adverse party to a claim seeking an injunction filed by the qualified consumer organization, in the form of a contribution or donation or under any other name, in connection with the organization's exercise of the right to seek an injunction.
- (3) It is prohibited for a qualified consumer organization or its officer, employee, or expert advisor to have a third party receive money or any other economic benefit from the adverse party to a claim seeking an injunction filed by the

qualified consumer organization, in the form of a contribution or donation or under any other name, in connection with the organization's exercise of the right to seek an injunction.

- (4) An economic benefit that a qualified consumer organization is prohibited from receiving or from having a third party receive from the adverse party to a claim seeking an injunction in connection with the organization's exercise of the right to seek an injunction as provided in the preceding three paragraphs does not include an economic benefit that it has received or had a third party receive as compensation for damage caused by a tort committed by the adverse party with respect to which the organization exercised the right to seek an injunction.
- (5) If a qualified consumer organization receives an economic benefit as provided in one of the items of paragraph (1), it must set aside an equivalent amount of money to cover the costs required for the services connected with the right to seek an injunction.
- (6) A qualified consumer organization must establish in its articles of incorporation that if it discontinues its services connected with the right to seek an injunction or stops providing those services due to the expiration (except for due to a discontinuation of services connected with the right to seek an injunction) or rescission of the certification referred to in Article 13, paragraph (1) while a surplus (meaning an amount set aside pursuant to the preceding paragraph) remains, that surplus belongs to another qualified consumer organization (if a qualified consumer organization has succeeded to the right to seek an injunction pursuant to Article 35, that qualified consumer organization) if there is one, and if not, to a consumer organization that conforms to the requirements set forth in Article 13, paragraph (3), item (ii) and specified by the Prime Minister or to the National Treasury.

(Scope of Services and Separation of Accounting)

- Article 29 (1) A qualified consumer organization may engage in services other than services connected with the right to seek an injunction in accordance with the articles of incorporation, to the extent that it does not adversely affect services connected with the right to seek an injunction.
- (2) A qualified consumer organization must separately prepare the accounting for the services set forth below:
    - (i) services connected with the right to seek an injunction;
    - (ii) services involved in its activities to protect the interests of a large, non-exclusive group of consumers (other than services as set forth in the preceding item); and
    - (iii) services other than those set forth in the preceding items (i) and (ii).

### **Subsection 3 Supervision**

(Preparing Books and Documents; Keeping Them on File)

Article 30 A qualified consumer organization must prepare books and documents related to its services and accounting and keep them on file pursuant to Cabinet Office Order.

(Preparation, Keeping, Inspection, and Submission of Financial Statements or Records)

Article 31 (1) A qualified consumer organization must prepare an inventory of its property, a balance sheet, an income and expenditure statement, and a business report for the business year (or electronic or magnetic records (meaning records used in computerized data processing which are prepared in electronic form, magnetic form, or any other form that cannot be perceived by the human senses; hereinafter the same applies in this Article), if these are prepared in lieu of written documents (hereinafter referred to as "financial statements or records")), within three months from the last day of every business year.

(2) A qualified consumer organization must submit to an inspection by persons with the knowledge and experience necessary to audit its operations every business year, pursuant to Cabinet Office Order, to determine whether the services connected with the right to seek an injunction and other services are being properly performed pursuant to this Act.

(3) The following documents must be kept in the office of a qualified consumer organization pursuant to Cabinet Office Order:

(i) the articles of incorporation;

(ii) the rules of operation;

(iii) a roster of officers and employees (including the names, titles and professions of officers, employees, and expert advisors, and other information that Cabinet Office Order prescribes);

(iv) a document setting forth the number of members of the qualified consumer organization and whether they are individuals, corporations, or other organizations (including the number of constituent members if members are corporations or other organizations);

(v) financial statements or records;

(vi) documents setting forth the information on revenue, information on funds and contributions, and other accounting information that Cabinet Office Order prescribes;

(vii) if it engages in services other than services connected with the right to seek an injunction, documents setting forth the type of services and giving a brief description of them; and

(viii) an inspection report that states the methods and results of the inspection



referred to in the preceding paragraph.

- (4) Any person may make one of the following requests at any time during the business hours of a qualified consumer organization; provided, however, that when making a request as set forth in item (ii) or (iv), a consumer must pay the fees set forth by the qualified consumer organization:
- (i) a request to inspect or copy a document set forth in one of the items of the preceding paragraph, if these have been prepared in writing;
  - (ii) a request to be issued a copy or extract of a document referred to in the preceding item;
  - (iii) a request to inspect or copy something that, through the means provided by Cabinet Office Order, has been made to show the information recorded in a document as set forth in one of the items of the preceding paragraph which has been prepared in the form of an electronic or magnetic record; and
  - (iv) a request to be provided with the information recorded in an electronic or magnetic record referred to in the preceding item by the electronic or magnetic means that Cabinet Office Order prescribes, or a request to be issued a written document giving that information.
- (5) A qualified consumer organization may not refuse a request set forth in one of the items of the preceding paragraph except on reasonable grounds.
- (6) A qualified consumer organization must submit the documents provided for in paragraph (3), items (iii) through (vi) and (viii) to the Prime Minister within three months from the last day of every business year.

#### (Reporting and On-site Inspections)

- Article 32 (1) The Prime Minister may have a qualified consumer organization report on its operational and accounting conditions, and may have the relevant officials enter its offices, inspect its operational conditions or books, documents, and other articles, and question the relevant persons, within the limits of what is necessary for implementing this Act.
- (2) When entering a qualified consumer organization's offices pursuant to the preceding paragraph, an official must carry identification and show this to the relevant persons.
- (3) The authority for an on-site inspection provided for in paragraph (1) must not be construed as having been accorded for the purpose of a criminal investigation.

#### (Compliance Orders and Improvement Orders)

- Article 33 (1) On finding that a qualified consumer organization has ceased to meet a requirement set forth in Article 13, paragraph (3), items (ii) through (vii), the Prime Minister may order it to take necessary measures to meet that requirement.

(2) Beyond as prescribed in the preceding paragraph, if the Prime Minister finds that a qualified consumer organization has come to fall under one of Article 13, paragraph (5), items (iii) through (vi); that a qualified consumer organization or its officer, employee, or expert advisor has violated this Act in performing services connected with the right to seek an injunction; or that it is otherwise necessary to do so in order to ensure that a qualified consumer organization provides services properly, the Prime Minister may order the qualified consumer organization to improve its personnel system, stop the violation, modify its rules of operation, or take other measures necessary to improve its operations.

(Rescinding or Finding That There Were Grounds to Rescind a Certification)

Article 34 (1) The Prime Minister may rescind the certification of a qualified consumer organization as referred to in Article 13, paragraph (1) on the following grounds:

- (i) if it has been certified as referred to in Article 13, paragraph (1), has renewed the term of validity referred to in Article 17, paragraph (2), or has been approved as referred to in Article 19, paragraph (3) or Article 20, paragraph (3) through deception or other wrongful means;
- (ii) if it ceases to meet a requirement set forth in one of the items of Article 13, paragraph (3);
- (iii) if it has come to fall under one of the items of Article 13, paragraph (5) (excluding item (ii));
- (iv) if a qualified consumer organization that is a party to legal proceedings in which there has been a final judgment or equally binding disposition as referred to in the main clause of Article 12-2, paragraph (1), item (ii), is found to have conspired with the adverse party to the claim seeking an injunction to waive claims or establish a settlement that harms the interests of a large, non-exclusive group of consumers, or has otherwise pursued legal proceedings that are significantly opposed to the interests of a large, non-exclusive group of consumers;
- (v) if a qualified consumer organization that is a party to legal proceedings on which there is a final judgment or equally binding disposition as referred to in the main clause of Article 12-2, paragraph (1), item (ii), has neglected the necessary procedures for enforcing that judgment or disposition, and this is found to be in significant opposition to the interests of a large, non-exclusive group of consumers;
- (vi) if it has violated this Act, an Order based on this Act, or a disposition based on this Act or such an Order, other than as prescribed in one of the preceding items; or
- (vii) if its officer, employee, or expert advisor has violated Article 28,

paragraph (2) or (3).

- (2) If a qualified consumer organization violates Article 23, paragraph (4) by acting as prescribed in Article 23, paragraph (4), item (x) in connection with a claim seeking an injunction, without notifying the relevant parties of this and reporting it as referred to in that paragraph, the Prime Minister may deem there to be grounds as provided in paragraph (1), item (iv) with regard to that qualified consumer organization.
- (3) In a case as set forth in the main clause of Article 12-2, paragraph (1), item (ii) if the other qualified consumer organization's Article 13, paragraph (1) certification has already lost effect due to the grounds set forth in one of the items of Article 22, or has already been rescinded due to the grounds set forth in one of the items of paragraph (1) of this Article (other than on the grounds set forth in item (iv) of that paragraph in connection with legal proceedings for which there is a final judgment or equally binding disposition), and the Prime Minister finds that there were grounds as set forth in paragraph (1), item (iv) of this Article as regards that other qualified consumer organization in connection with legal proceedings for which there is a final judgment or equally binding disposition (including if those grounds may be deemed to exist pursuant to paragraph (2)), the Prime Minister may issue a finding that this is the case with regard to the corporation that used to be the other qualified consumer organization.
- (4) The corporation that used to be the other qualified consumer organization provided for in the preceding paragraph is deemed to continue to exist after the conclusion of its liquidation as regards the application of that paragraph.
- (5) Having rescinded a certification as referred to in Article 13, paragraph (1) on the grounds set forth in one of the items of paragraph (1), or having found, pursuant to paragraph (3), that there were grounds as set forth in paragraph (1), item (iv), the Prime Minister is to issue public notice of this and of the date of the rescission or finding pursuant to Cabinet Office Order, and must notify the qualified consumer organization or the corporation that used to be the other qualified consumer organization of this in writing.

(Designation Pertaining to Succession to the Right to Seek an Injunction)

- Article 35 (1) If a qualified consumer organization's Article 13, paragraph (1) certification will lose or has already lost effect due to grounds set forth in one of the items of Article 22, or will be or already has been rescinded due to grounds set forth in one of the items of paragraph (1) of the preceding Article, while there is an outstanding and still enforceable final judgment or equally binding disposition as referred to in the main clause of Article 12-2, paragraph (1), item (ii), the Prime Minister is to designate another qualified consumer organization to succeed to the underlying right to seek an injunction held

thereby.

- (2) When a designation under the preceding paragraph has been made, the qualified consumer organization that has been designated succeeds to the right to seek an injunction referred to in that paragraph at the time of the designation (if the designation is made after the loss of effect or rescission of a certification, retroactively from the time of its loss of effect or rescission).
- (3) In the case referred to in the preceding paragraph, if a qualified consumer organization succeeding to the right to seek an injunction files a claim seeking an injunction based on that right, the main clause of Article 12-2, paragraph (1), item (ii) does not apply to that claim.
- (4) The Prime Minister must rescind the designation of a qualified consumer organization that has been designated as under paragraph (1), paragraph (6), or paragraph (7) (hereinafter referred to as a "designated qualified consumer organization" from this paragraph through paragraph (7)) if one of the following grounds arises:
  - (i) the designated qualified consumer organization's Article 13, paragraph (1) certification will lose or has already lost effect due to grounds set forth in one of the items of Article 22, or its certification will be rescinded due to grounds set forth in one of the items of Article 34, paragraph (1); or
  - (ii) a disposition rescinding an Article 13, paragraph (1) certification, a disposition denying renewal of the term of validity of the certification referred to in that paragraph, or a disposition denying approval for a merger or for the transfer of all business (hereinafter referred to as "disposition resulting in loss of certification" in this Article) is rescinded, or a judgment rescinding, invalidating, or declaring the non-existence of a disposition resulting in loss of certification (hereinafter referred to as a "judgment negating" such a disposition in item (ii) of the following paragraph) becomes final and binding as regards the party to the relevant final judgment or equally binding disposition that held the right to seek an injunction before the designated qualified consumer organization that succeeded to that right was designated (hereinafter referred to as the "former qualified consumer organization" in this Article).
- (5) The Prime Minister may rescind the designation of a designated qualified consumer organization if one of the following grounds arises:
  - (i) the designated qualified consumer organization has neglected the necessary procedures for enforcing the right to seek an injunction to which it has succeeded, and this is found to be in significant opposition to the interests of a large, non-exclusive group of consumers; or
  - (ii) as regards a former qualified consumer organization that was a designated qualified consumer organization (other than the one that was a party to the relevant final judgment or equally binding disposition), the disposition

resulting in loss of certification that served as the grounds for the rescission of its designation under item (i) of the preceding paragraph is itself rescinded; a judgment negating such a disposition becomes final and binding; a disposition rescinding its designation under the preceding item is itself rescinded; or a judgment negating such a disposition becomes final and binding.

- (6) If the Prime Minister will rescind or has already rescinded the designation of a designated qualified consumer organization due to grounds set forth in paragraph (4), item (i) or in item (i) of the preceding paragraph, the Prime Minister is to designate another qualified consumer organization to succeed to the right to seek an injunction to which the designated qualified consumer organization whose designation is subject to the rescission has succeeded.
- (7) If the Prime Minister rescinds the designation of a designated qualified consumer organization due to grounds set forth in paragraph (4), item (ii) or paragraph (5), item (ii), the Prime Minister is to designate the former qualified consumer organization to succeed to the right to seek an injunction to which the qualified consumer organization whose designation is subject to the rescission has succeeded.
- (8) Once a new designation under the preceding two paragraphs is made, the right to seek an injunction referred to in the preceding two paragraphs is succeeded to by the newly designated qualified consumer organization at the time of the new designation (if the new designation has been made after the rescission of a former designation, the succession is retroactive to the time that the former designation was rescinded (if a former designation was rescinded and a new designation was made after the loss of effect of a former qualified consumer organization's Article 13, paragraph (1) certification, the succession is retroactive to the time that the certification lost effect)).
- (9) The provisions of paragraph (3) apply mutatis mutandis if, in a case as referred to in the preceding paragraph, the qualified consumer organization succeeding to the right to seek an injunction pursuant to the preceding paragraph files a claim seeking an injunction based on that right.
- (10) Having made a designation under paragraph (1), (6), or (7), the Prime Minister, pursuant to Cabinet Office Order, must issue public notice of this and of the date of the designation, and must notify the designated qualified consumer organization of this in writing. The same applies if the Prime Minister rescinds such a designation pursuant to paragraph (4) or (5).

#### **Subsection 4 Auxiliary Provisions**

(Discipline)

Article 36 A qualified consumer organization may not be utilized for the benefit

of a political party or for a political purpose.

(Requests for the Cooperation of Public Offices)

Article 37 On finding it to be necessary to do so in order for this Act to be implemented, the Prime Minister may contact government agencies, other public entities, and other persons and request their cooperation.

(Expressing an Opinion to the Prime Minister)

Article 38 If one of the following persons finds that, because there is sufficient reason to suspect that there are grounds as prescribed in the relevant of the following items with regard to a qualified consumer organization, it is necessary for the Prime Minister to take proper measures against that qualified consumer organization, the person may express to the Prime Minister the opinion that this is the case:

- (i) the Minister of Economy, Trade and Industry: the grounds that it does not meet the requirements set forth in Article 13, paragraph (3), item (ii) or the grounds set forth in Article 34, paragraph (1), item (iv); and
- (ii) the Director-General of the National Police Agency: grounds that fall under Article 13, paragraph (5), item (iii), item (iv), or item (vi)(c).

(Disclosure of Information on Judgments)

Article 39 (1) In order to contribute to preventing and remedying harm to consumers, upon receipt of a report under Article 23, paragraph (4), items (iv) through (ix) and item (xi) from a qualified consumer organization, the Prime Minister is to immediately make public any judgment connected with a claim seeking an injunction (including anything with the same effect as a final and binding judgment and any decision on a petition for a provisional disposition order), a summary of any extra-judicial settlement, the name of the qualified consumer organization in question, the name of the adverse party to the claim seeking an injunction, and other information that Cabinet Office Order prescribes, via the Internet or by other appropriate means.

- (2) Beyond the information provided for in the preceding paragraph, the Prime Minister may make public the name and the address of another qualified consumer organization, the location of the office at which it provides services connected with the right to seek an injunction, or any other necessary information that Cabinet Office Order prescribes, via the Internet or by other appropriate means, in order to disseminate information about services connected with the right to seek an injunction to the people at large.
- (3) The Prime Minister may have the National Consumer Affairs Center of Japan (IAA) provide services related to publication of the information prescribed in the preceding paragraphs (1) and (2).

(Cooperation with a Qualified Consumer Organization)

Article 40 (1) At the request of a qualified consumer organization and pursuant to Cabinet Office Order, the National Consumer Affairs Center of Japan (IAA) and local public entities may provide that qualified consumer organization with the information related to consumer affairs consultations that Cabinet Office Order prescribes, to the extent necessary to enable the qualified consumer organization to properly exercise its right to seek an injunction.

(2) A qualified consumer organization that receives information prescribed in the preceding paragraph may not use or offer that information for any purpose other than to properly exercise its right to seek an injunction.

### **Section 3 Special Provisions on Court Proceedings**

(Prior Written Notice of Claims)

Article 41 (1) Before filing suit on a claim seeking an injunction, a qualified consumer organization first directs a written claim seeking an injunction detailing the substance of the claim, the points of the dispute, and any other information that Cabinet Office Order prescribes to the person that would become the defendant in the suit, and may not bring suit until after one week has passed from the time that the written claim has been received; provided, however, that this does not apply if the would-be defendant refuses to accept the claim seeking an injunction.

(2) A claim as referred to in the preceding paragraph is deemed to arrive at the time that it ordinarily would arrive.

(3) The provisions of the preceding two paragraphs apply mutatis mutandis to a petition for a provisional disposition order in connection with a claim seeking an injunction.

(Value of the Object of a Lawsuit)

Article 42 For the purpose of calculating the value of the object of a lawsuit, a suit involving a claim seeking an injunction is deemed to be a suit involving a claim that is not a property rights claim.

(Jurisdiction)

Article 43 (1) Article 5 of the Code of Civil Procedure (other than as it pertains to item (v)) does not apply to a lawsuit involving a claim seeking an injunction.

(2) A suit involving a claim seeking an injunction as under the provisions set forth in one of the following items may also be filed with the court with jurisdiction over the locality in which the person in question engages in the action prescribed in that item:

- (i) a claim seeking an injunction under Article 12: the actions of a trader, entrusted party, or agent as prescribed in that Article;
- (ii) a claim seeking an injunction under Article 10 of the Act against Unjustifiable Premiums and Misleading Representations: the actions of a trader as prescribed in that Article; and
- (iii) a claim seeking an injunction under Articles 58-4 through 58-9 of the Act on Specified Commercial Transactions: the actions of a seller, service provider, supervisor, person making the solicitation, general multilevel marketing distributor, seller of related goods, or person engaging in business opportunity sales (or the person making the solicitation, in the case of a suit involving a claim seeking an injunction under Article 58-7, paragraph (2) of the Act on Specified Commercial Transactions) that is the adverse party to the claim seeking an injunction prescribed in the relevant Article.

(Transfer)

Article 44 If suit has been filed on a claim seeking an injunction in one court, but a lawsuit involving a claim seeking an injunction against the same or a similar action is pending before another court, the court, upon finding it to be reasonable to do so, may transfer the lawsuit in whole or in part to that other court or to another competent court having jurisdiction, in consideration of the addresses or locations of the relevant parties, the addresses of witnesses to be examined, the similarity of issues or evidence, or other circumstances, upon petition or by its own authority.

(Consolidation of Oral Arguments)

Article 45 (1) If multiple lawsuits involving claims seeking injunctions are pending concurrently in the same court of the first or second instance with the same claims and against the same adverse party, the oral arguments and judicial decisions must be consolidated; provided, however, that this does not apply if consolidating oral arguments and judicial decisions is found to be extremely unreasonable in light of the progress of the proceedings or other circumstances.

(2) In a case as prescribed in the preceding paragraph, a party must file a petition with the court to that effect.

(Suspension of Court Proceedings)

Article 46 (1) If, in connection with a pending lawsuit involving a claim seeking an injunction, there has already been a final judgment or equally binding disposition as under the main clause of Article 12-2, paragraph (1), item (ii) to which another qualified consumer organization was a party, and there is sufficient reason to suspect that there are grounds as set forth in Article 34,



paragraph (1), item (iv) as regards the other qualified consumer organization in connection with the legal proceedings that are subject to that final judgment or equally binding disposition (including if grounds as set forth in Article 34, paragraph (1), item (iv) may be deemed to exist pursuant to Article 34, paragraph (2)), and the Prime Minister finds that a considerable period of time will be required to determine whether to rescind an Article 13, paragraph (1) certification pursuant to Article 34, paragraph (1) or to determine whether to reach a finding under Article 34, paragraph (3) (hereinafter referred to as "rescinding or finding that there were grounds to rescind a certification" in the following paragraph), the Prime Minister is to notify the court before which the lawsuit involving the claim seeking an injunction is pending (hereinafter referred to as "the court hearing the case" in this Article) of this and of the period of time expected to be required to determine this, pursuant to Cabinet Office Order.

- (2) Having notified the court as under the preceding paragraph, the Prime Minister is to determine whether to rescind or find that there were grounds to rescind the certification within the period stated in the notice, and is to notify the court hearing the case of the results.
- (3) Upon receipt of a notice under paragraph (1), the court hearing the case may suspend the court proceedings until the period stated in the notice has passed (or until it is notified as prescribed in the preceding paragraph, if this occurs before the end of that period), if it finds this to be necessary.

(Calculating Amounts of Money for Indirect Enforcement)

Article 47 If enforcement will be carried out in connection with the right to seek an injunction by the means provided in Article 172, paragraph (1) of the Civil Execution Act, in determining the amount of money that an obligor should pay an obligee pursuant to Article 172, paragraph (1) or (2) of that Article, the court of execution must specifically consider the loss that the large, non-exclusive group of consumers would incur in the event of non-performance.

## **Chapter IV Miscellaneous Provisions**

(Exclusion from Application)

Article 48 This Act does not apply to labor contracts.

(Delegation of Authority)

Article 48-2 The Prime Minister delegates the authority under the preceding Chapter (other than what is prescribed by Cabinet Order) to the Secretary General of the Consumer Affairs Agency.

## Chapter V Penal Provisions

Article 49 (1) If a qualified consumer organization's officer, employee, or expert advisor receives or has a third party (including the qualified consumer organization) receive money or any other economic benefit, in the form of a contribution or donation or under any other name, from a person against which a claim seeking an injunction has been filed by the qualified consumer organization as consideration for not exercising or not having exercised the right to seek an injunction, for waiving or having waived the right to seek an injunction, for entering or having entered into a settlement with an adverse party in connection with a claim seeking an injunction, or for terminating or having terminated court proceedings or other proceedings involving a claim seeking an injunction on other grounds, that officer, employee, or expert advisor is subject to imprisonment for not more than 3 years or to a fine of not more than three million yen.

- (2) The preceding paragraph also applies to a person providing the benefit referred to in that paragraph.
- (3) In a case as referred to in paragraph (1), the economic benefit received by the offender or by a third party with knowledge of the circumstances is confiscated. If all or part of the economic benefit itself cannot be confiscated, the offender is subject to the collection of a sum of money equivalent to its value.
- (4) Provisions on the crimes referred to in paragraph (1) also apply to a person committing a crime as referred to in that paragraph outside Japan.
- (5) The crime referred to in paragraph (2) is governed by Article 2 of the Penal Code (Act No. 45 of 1907).

Article 50 A person falling under either of the following items is subject to a fine of not more than one million yen:

- (i) a person that has been certified as referred to in Article 13, paragraph (1), has renewed the term of validity as referred to in Article 17, paragraph (2), or has been approved as referred to in Article 19, paragraph (3) or Article 20, paragraph (3) through deception or other wrongful means; and
- (ii) a person that has disclosed confidential information obtained during the course of providing services connected with the right to seek an injunction, in violation of Article 25.

Article 51 A person falling under one of the following items is subject to a fine of not more than five hundred thousand yen:

- (i) a person that has included false information in a written application as provided in Article 14, paragraph (1) (including as applied *mutatis mutandis* to Article 17, paragraph (6); Article 19, paragraph (6); and Article 20,

- paragraph (6)), or a document set forth in the items under Article 14, paragraph (2) (including as applied mutatis mutandis to Article 17, paragraph (6); Article 19, paragraph (6); and Article 20, paragraph (6)) and submitted it;
- (ii) a person using letters or characters in its name that are likely to cause it to be mistaken for a qualified consumer organization, or giving an indication in connection with its operations that is likely to cause it to be mistaken for a qualified consumer organization, in violation of Article 16, paragraph (3);
  - (iii) a person failing to prepare or keep on file books and documents or preparing false books and documents, in violation of Article 30; and
  - (iv) a person failing to report or falsely reporting under Article 32, paragraph (1); a person refusing, hindering, or evading an inspection under that paragraph; or a person failing to give a statement or giving a false statement when questioned as under that paragraph.

Article 52 (1) If the representative or administrator of a corporation (including an organization that is not a corporation but for which a representative or administrator has been established; hereinafter the same applies in this paragraph), or the agent, worker, or other employee of a corporation or an individual violates one of the preceding three Articles in connection with the services of the corporation or individual, beyond the violator being subject to punishment, the corporation or individual is subject to the fine prescribed in the relevant Article.

- (2) If the preceding paragraph is applied to an organization that is not a corporation, its representative or administrator represents it with respect to procedural acts, and laws governing criminal proceedings that have a corporation as the defendant or the accused apply mutatis mutandis.

Article 53 A person falling under one of the following items is subject to a civil fine of not more than three hundred thousand yen:

- (i) a person failing to post or falsely posting a notice under Article 16, paragraph (2);
- (ii) a person failing to file or falsely filing a notification under Article 18; Article 19, paragraph (2) or (7); Article 20, paragraph (2) or (7); Article 21, paragraph (1);
- (iii) a person failing to notify the relevant person, failing to make a report, falsely notifying the relevant person, or falsely making a report as under Article 23, paragraph (4);
- (iv) a person using information concerning the harm suffered by a consumer in violation of Article 24;
- (v) a person refusing a request as referred to in Article 26 in violation of that

Article;

- (vi) a person that, in violation of Article 31, paragraph (1), fails to prepare financial statements or records, fails to include or record the required information in its financial statements or records, or includes or records false information in its financial statements or records;
- (vii) a person refusing, hindering, or evading an inspection under Article 31, paragraph (2), or a person failing to give an explanation or giving a false explanation during an inspection under that paragraph;
- (viii) a person failing to keep documents in violation of Article 31, paragraph (3);
- (ix) a person refusing a request set forth in one of the items of Article 31, paragraph (4) without reasonable grounds for doing so, in violation of paragraph (5) of that Article;
- (x) a person failing to submit a document or including or recording false information in a document and submitting it, in violation of Article 31, paragraph (6); and
- (xi) a person using or providing information for a purpose other than as prescribed in Article 40, paragraph (2), in violation of that paragraph.

### **Supplementary Provisions**

This Act comes into effect on April 1, 2001 and applies to consumer contracts concluded thereafter.

### **Supplementary Provisions [Act No. 50 of June 2, 2006] [Extract]**

(Effective Date)

- (1) This Act comes into effect on the date that the Act on General Incorporated Associations and General Incorporated Foundations comes into effect.

(Adjustment Provisions)

- (2) If the date on which the Act Partially Amending the Penal Code and Other Acts in Order to Better Address Transnational Organized Crime and the Increased Sophistication of Information Processing (Act No. XXX of 2006) comes into effect falls after the date on which this Act comes into effect, to apply item (lxii) of the Appended Table of the Act on Punishment of Organized Crime, and Regulation of Criminal Proceeds (Act No. 136 of 1999; referred to as the "Organized Crime Punishment Act" in the next paragraph) during the period from the date on which this Act comes into effect until the day before the date on which the Act Partially Amending the Penal Code and Other Acts in Order to Better Address Transnational Organized Crime and the Increased

Sophistication of Information Processing comes into effect, the term "crime under Article 157 of the Intermediate Corporation Act (Act No. 49 of 2001) (Director's Breach of the Special Duty of Loyalty)" in item (lxii) is deemed to be replaced with "crime under Article 334 of the General Incorporated Associations and General Incorporated Foundations Act (Act No. 48 of 2006) (Director's Breach of the Special Duty of Loyalty)".

- (3) Beyond as prescribed in the preceding paragraph, to apply the Organized Crime Punishment Act up until the day before the date on which the Act Partially Amending the Penal Code and Other Acts in Order to Better Address Transnational Organized Crime and the Increased Sophistication of Information Processing comes into effect in the case referred to in that paragraph, if prior laws continue to govern pursuant to Article 457, the crime referred to in Article 157 of the Former Intermediate Corporation Act (Director's Breach of the Special Duty of Loyalty) is deemed to be the crime set forth in item (lxii) of the Appended Table of the Organized Crime Punishment Act.

#### **Supplementary Provisions [Act No. 56 of June 7, 2006]**

(Effective Date)

- (1) This Act comes into effect on the day after the end of the one year period following the date of its promulgation.

(Review)

- (2) The government is to review the extent to which the Consumer Contract Act as amended by this Act is in effect, taking into consideration actual harm to consumers, the implementation status of the various measures taken to protect the interests of consumers, and other social and economic changes, and is to take the appropriate measures based on the results of its review, if it finds this to be necessary.

#### **Supplementary Provisions [Act No. 29 of May 2, 2008]**

(Effective Date)

- (1) This Act comes into effect on April 1, 2009; provided, however, that Articles 2 and 4 come into effect on the date on which the Act Partially Amending the Act on Specified Commercial Transactions and the Installment Sales Act (Act No. 74 of 2008) comes into effect.

(Transitional Measures)

- (2) Notwithstanding Articles 1 and 2 of the revised Consumer Contract Act, prior

laws continue to govern the processes involved in applications for certification as referred to in Article 13, paragraph (1) of the Consumer Contract Act that are filed prior to the enforcement of Articles 1 and 2 and the processes involved in certification and approval in connection with applications for approval as provided in Article 19, paragraph (3) and Article 20, paragraph (3) of that Act.

(3) Notwithstanding Articles 1 and 2 of the revised Consumer Contract Act, prior laws continue to govern the applicability of penal provisions to conduct in which a person has engaged before Articles 1 and 2 come into effect.

### **Supplementary Provisions [Act No. 49 of June 5, 2009] [Extract]**

(Effective Date)

Article 1 This Act comes into effect on the date on which the Act Establishing the Consumer Affairs Agency and the Consumer Commission (Act No. 48 of 2009) come into effect; provided, however, that provisions set forth in one of the following items come into effect on the date prescribed in that item:

(i) Article 9 of the Supplementary Provisions: the date of the promulgation of this Act;

(Transitional Measures Concerning the Applicability of Penal Provisions)

Article 8 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect, and continue to govern the applicability of penal provisions to conduct in which a person engages after this Act comes into effect if, pursuant to the Supplementary Provisions of this Act, prior laws are to continue to govern that conduct.

(Delegation to Cabinet Order)

Article 9 Beyond what is prescribed in Articles 2 through 8 of the Supplementary Provisions, Cabinet Order prescribes the necessary transitional measures in connection with the coming into effect of this Act (including transitional measures concerning penal provisions).

### **Supplementary Provisions [Act No. 61 of June 3, 2016]**

(Effective Date)

Article 1 This Act comes into effect on the day after the last day in the one year period starting on the date of promulgation; provided, however, that the provisions set forth in one of the following items come into effect on the date prescribed in that item:

(i) Article 4 of the Supplementary Provisions: the date of the promulgation of

this Act;

- (ii) the amending provisions of Article 5, paragraph (2) (limited to those amending "and Article 7" to read "through Article 7"), the amending provisions adding an article immediately after Article 6, and Article 3 of the Supplementary Provisions: the date on which the Act Partially Amending the Civil Code (Act No. 44 of 2017) comes into effect;
- (iii) Article 6 of the Supplementary Provisions: the date of promulgation of the Act Prescribing Adjustments to the Relevant Acts to Coordinate with the Coming Into Effect of the Act Partially Amending the Civil Code (Act No. 45 of 2017) or the date of promulgation of this Act, whichever comes later.

(Transitional Measures)

- Article 2 (1) Article 4, paragraphs (4) and (5) of the Consumer Contract Act as amended by this Act (hereinafter referred to as the "New Act") (but only as those paragraphs pertain to item (iii)) (including as applied *mutatis mutandis* pursuant to Article 5, paragraph (1) of the New Act), do not apply to the manifestation of an intention to be bound by the offer of a consumer contract or by the acceptance of an offer for such a contract if that intention is manifested before this Act comes into effect.
- (2) Notwithstanding Article 7, paragraph (1) of the New Act, prior laws continue to govern the right to rescind the manifestation of an intention to be bound by the offer of a consumer contract or by the acceptance of an offer for such a contract if that intention is manifested before this Act comes into effect.
  - (3) Notwithstanding Article 8, paragraph (1), items (iii) and (iv) of the New Act, prior laws continue to govern the clauses of consumer contracts that have been entered into before this Act comes into effect.
  - (4) Article 8-2 of the New Act does not apply to the clauses of consumer contracts that have been entered into before this Act comes into effect.

Article 3 Article 6-2 of the Consumer Contract Act following its amendment under the provisions set forth in Article 1, item (ii) of the Supplementary Provisions does not apply to a consumer's obligation to refund any payment received if that payment is received in performance of an obligation under the consumer contract before the provisions set forth in that item come into effect.

(Delegation to Cabinet Order)

Article 4 Beyond as set forth in the preceding two Articles, Cabinet Order prescribes the necessary transitional measures to coordinate with this Act coming into effect.

(Review)

Article 5 The government is to review the extent to which the New Act is in effect, taking into consideration actual harm to consumers, the implementation status of the various measures taken to protect the interests of consumers, and other social and economic changes, and is to take appropriate measures based on the results of its review, if it finds this to be necessary.

(Act Prescribing Adjustments to the Relevant Acts to Coordinate with the Coming Into Effect of the Act Partially Amending Civil Code)

Article 6 The Act Prescribing Adjustments to the Relevant Acts to Coordinate with the Coming Into Effect of the Act Partially Amending the Civil Code is partially amended as follows:

In the part of Article 98 that constitutes provisions amending Article 4, paragraph (5) of the Consumer Contract Act, the phrase "Article 4, paragraph (5)" is amended to read "Article 4, paragraph (6)" and the following provisions are added immediately after the amended provisions of Article 8 of that Act:

Article 8-2 is amended as follows:

(Nullity of Clauses That Force Consumers to Waive Their Right to Cancel)  
Article 8-2 Any consumer contract clause forcing the consumer to waive the right to cancel that arises if the trader defaults is void.

In Article 99, paragraph (1), "Article 4, paragraph (5)" is amended to read "Article 4, paragraph (6)", and "Article 8-2" is added immediately after "Article 8" in paragraph (2) of that Article.

### **Supplementary Provisions [Act No. 43 of June 2, 2017] [Extract]**

(Effective Date)

Article 1 This Act comes into effect on October 1, 2017; provided, however, that Article 5 of the Supplementary Provisions comes into effect on the date of its promulgation.

(Transitional Measures Following the Partial Revision of the Consumer Contract Act)

Article 2 Notwithstanding Article 17, paragraph (1) of the Consumer Contract Act following its amendment under Article 2, prior laws continue to govern the term of validity of a certification under Article 13, paragraph (1) of the Consumer Contract Act before its amendment under Article 2, which has been granted to a corporation as of the time this Act comes into effect (referred to as an "existing qualified consumer organization" in the following Article), until the expiration date of the certification.



(Delegation to Cabinet Order)

Article 5 Beyond what is prescribed in the preceding three Articles, Cabinet Order prescribes the necessary transitional measures in connection with the coming into effect of this Act.