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This English translation of the Consumer Contract Act has been prepared (up to the revisions of Act No. 56 of 2006 (Effective June 7, 2007)) in compliance with the Standard Bilingual Dictionary (March 2007 edition).

This is an unofficial translation. Only the original Japanese texts of laws and regulations have legal effect, and the translations are to be used solely as reference material to aid in the understanding of Japanese laws and regulations.

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## **Consumer Contract Act (Act No. 61 of 2000)**

### **Table of Contents**

#### **Chapter 1 General Provisions (Articles 1 - 3)**

#### **Chapter 2 Consumer Contract**

##### **Section 1 Rescission of the Manifestation of Intention to Offer or Accept a Consumer Contract (Articles 4 - 7)**

##### **Section 2 Nullity of Consumer Contract Clauses (Articles 8 - 10)**

##### **Section 3 Auxiliary Provisions (Article 11)**

#### **Chapter 3 Injunction Demand**

##### **Section 1 Right to Demand an Injunction (Article 12)**

##### **Section 2 Qualified Consumer Organization**

###### **Subsection 1 Certification of Qualified Consumer Organizations, etc. (Articles 13 - 22)**

###### **Subsection 2 Services Involved in Demand of an Injunction, etc. (Articles 23 - 29)**

###### **Subsection 3 Supervision (Articles 30 - 35)**

###### **Subsection 4 Auxiliary Provisions (Articles 36 - 40)**

##### **Section 3 Special Provisions of Court Proceedings, etc. (Articles 41 - 47)**

#### **Chapter 4 Miscellaneous Provisions (Article 48)**

#### **Chapter 5 Penal Provisions (Articles 49 - 53)**

#### **Supplemental Provisions**

### **Chapter 1 General Provisions**

#### **Article 1 (Purpose)**

The purpose of this Act is to protect the interests of consumers, and thereby contribute to the stabilization of and the improvement in the general welfare and life of the citizens and to the sound development of the national economy, in consideration of the discrepancy in quality and quantity of information and the negotiating power between consumers and business operators, by permitting a rescission of manifestation of intentions to offer or accept contracts made by consumers when they misunderstood or are distressed by certain acts of business operators, and nullifying any clauses, in part or in whole, that exempt the business operators from their liability for damages or otherwise that unfairly harm the interests of consumers, in addition to providing a right to qualified consumer organization to demand an injunction against business operators, etc. for the purpose of preventing the occurrence of or the spreading of damage to other consumers.

**Article 2 (Definitions)**

- (1) The term "Consumer" as used in this Act shall mean individual(s) (however, the same shall not apply in cases where said individual becomes a party to a contract as a business or for the purpose of business).
- (2) The term "Business Operator" as used in this Act shall mean juridical person(s), association(s) and individual(s) who become a party to a contract as a business or for the purpose of business.
- (3) The term "Consumer Contract" as used in this Act shall mean contract(s) concluded between consumers on the one hand and business operators on the other.
- (4) The term "Qualified Consumer Organization" as used in this Act shall mean any juridical person certified by the Prime Minister pursuant to the provision of Article 13 as a consumer organization (which means the consumer organization pursuant to the provision of Article 8 of the Consumer Basic Act (Act No. 78, 1968). The same shall apply hereinafter) which has the qualifications necessary to exercise such rights to demand an injunction as governed by the provision of this Act in the interests of many and unspecified consumers .

**Article 3 (Efforts of Business Operators and Consumers)**

- (1) Business operators drafting clauses of a consumer contract shall endeavor to make the rights and duties of consumers and such other things set forth in the consumer contract clear and plain to consumers and in order to deepen consumer understanding when consumers are solicited to enter into consumer contracts, to provide necessary information about the consumer's rights and duties and such other things set forth in the consumer contract.
- (2) Consumers entering into a consumer contract shall endeavor to actively use the information provided by business operators and to understand their rights and

duties and such other things set forth in the consumer contract.

## **Chapter 2 Consumer Contract**

### **Section 1 Rescission of the Manifestation of Intention to Offer or Accept a Consumer Contract**

**Article 4** (Rescission of the Manifestation of Intention to Offer or Accept a Consumer Contract)

- (1) Consumers may rescind their manifestations of intention to offer or accept a consumer contract if said consumers make any of the specified mistakes set forth below as a result of any of the acts listed in the following items by a business operator at the time of being solicited to enter into such consumer contract by such business operator and thereby making said manifestation of intention.
  - (i) To represent that which is not true as to an important matter. Mistake that the content of said representation is true.
  - (ii) To provide conclusive evaluations of future prices, of amounts of money that a consumer should receive in the future and of such other uncertain items that change in the future with respect to goods, rights, services and such other things that are to be the subject of a consumer contract. Mistake that the content of said conclusive evaluation so provided is certain.
- (2) Consumers may rescind their manifestations of intention to offer or accept a consumer contract if a business operator represents to said consumers the advantages as to important matters or things related to said important matters but intentionally fails to represent disadvantageous facts (limited to those facts that consumers would normally consider to be non-existent by such representation) at the time of solicitation by a business operator to enter into such consumer contract, as to important matters, and said consumers thereby mistakenly believe the non-existence of such facts. Provided, however, that this shall not apply where the business operator has attempted to make representations of such facts to said consumers and said consumers refuse to hear such attempted representations.
- (3) Consumers may rescind their manifestations of intention to offer or accept a consumer contract if said consumers are distressed as a result of any of the following enumerated acts by a business operator made at the time of solicitation to enter into such consumer contract by such business operator.
  - (i) To fail to leave a place where a consumer resides or does business in defiance of the consumer's request to the business operator to leave such place.
  - (ii) Not to allow a consumer to leave a place where the consumer is solicited to enter into the consumer contract by the business operator in defiance of the consumer's request to said business operator to allow him/her to leave.

- (4) The term "Important Matter" as used in the item (i) of para.(1) and para.(2) shall mean the following items in a consumer contract that would normally affect a consumer's decision whether to conclude a consumer contract.
- (i) Quality, purpose of use and such other contents of objects of a consumer contract such as goods, rights and services
  - (ii) Price and such other conditions of a transaction of the objects of a consumer contract such as goods, rights and services
- (5) The rescission of a manifestation of intention to offer or accept a consumer contract in paragraphs (1) to (3) may not be asserted against a third party without knowledge<sup>1</sup>

**Article 5 (Third Parties Entrusted to Intermediate and Agents<sup>2</sup>)**

- (1) The preceding article shall apply mutatis mutandis to cases where a business operator entrusts a third party to intermediate<sup>3</sup> a consumer contract between the business operator and a consumer (which shall be referred to simply as "entrustment" for purposes of this paragraph), and the third party (which includes a person entrusted by such third party (including any person who is entrusted through more than two layers of entrustment) who shall be referred to as "entrusted person, etc." hereinafter) commits any acts set forth in paragraphs (1) to (3) of the preceding article with respect to a consumer. In this case, "the business operator" referred to in the proviso of para. (2) of the preceding article shall be deemed to be replaced with "the business operator or the entrusted person"<sup>4</sup>, etc.

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1 "zen-i": here means that the third party does not know that the manifestation of intention of the mistake or the confusion in paragraphs (1) to (3).

2 The translation of the Japanese legal term "Dairinin" is "representative" when it includes both legal representation and voluntary representation, and is "agent" when it refers only to voluntary representation, in the Standard Bilingual Dictionary (March 2006 edition). However, in Article 52 of this Act there appears another Japanese term "Daihyousha", the translation of which is also "representative" in the same dictionary. Both terms appear in the same sentence and could be misleading when both Japanese terms are translated as "representative." Therefore, the translation of the Japanese legal term "Dairinin" shall be translated as "agent".

3 "toritsugi": entering into a juristic act on an agent's own name but for the account of the principal.

4 Standard Bilingual Dictionary assigns the word "trustee" for "jyutaku-sha." But, there is no trust relation between the person who entrusts the business and those who are entrusted under "toritsugi." Therefore, we used the word "entrusted person" for "jyutaku-sha."

provided in para. (1) of the following article."

- (2) Any agent of a consumer (which includes a subagent (including any person appointed as a subagent through more than two layers). The same shall apply hereinafter), agent of a business operator and agent of entrusted person, etc. as above involved in the execution of a consumer contract shall be deemed to be the consumer, business operator and entrusted person, etc., respectively in the application of paragraphs (1) to (3) of the preceding article (including the case where it is applied mutatis mutandis pursuant to the preceding paragraph. The same shall apply in the following article and in Article 7).

**Article 6 (Interpretation Provision)**

The provisions in paragraphs (1) to (3) of article 4 shall not be interpreted to exclude the application of article 96 of the Civil Code (Act No. 89, 1896) to a manifestation of intention to offer or accept a consumer contract provided in these paragraphs.

**Article 7 (Limitation of the Right to Rescind)**

- (1) The right to rescind provided for in paragraphs (1) to (3) of article 4 shall be extinguished by prescription, if not exercised within six months from the time when ratification became possible. The same shall apply if five years have elapsed since the time of the conclusion of a consumer contract.
- (2) In the case where a consumer enters into a contract as a consumer contract to subscribe for shares or offer capital contribution, or to contribute funds that shall not be rescinded on the grounds of fraud or duress under the Corporate Code (Act No. 86, 2005) and other acts, a consumer cannot rescind his/her manifestation of intention of such subscription, offering or contribution pursuant to the provisions of paragraphs (1) - (3) of Article 4 (including the case where it is applied mutatis mutandis pursuant to para. (1) of Article 5).

**Section 2 Nullity of Consumer Contract Clauses**

**Article 8 (Nullity of Clauses which Exempt a Business Operator from Liability for Damages)**

- (1) The following clauses of a consumer contract are void.
- (i) Clauses which totally exclude a business operator from liability to compensate damages to a consumer arising from the business operator 's default.
  - (ii) Clauses which partially exclude a business operator from liability to compensate damages to a consumer arising from the business operator s default (such default shall be limited to cases where same arises due to the

- intentional act or gross negligence<sup>5</sup> on the part of the business operator, the business operator's representative or employee).
- (iii) Clauses which totally exclude a business operator from liability to compensate damages to a consumer arising by a tort pursuant to the provisions of the Civil Code committed on occasion of the business operator's performance of a consumer contract.
  - (iv) Clauses which partially exclude a business operator from liability to compensate damages to a consumer arising by a tort (such torts shall be limited to cases where the same arises by intentional act or gross negligence on the part of the business operator, the business operator's representative or employee) pursuant to the provisions of the Civil Code committed on occasion of the business operator's performance of a consumer contract.
  - (v) When a consumer contract is a contract for value, and there exists a latent defect in the material subject of a consumer contract (when a consumer contract is a contract for work, and there exists a defect in the material subject of a consumer contract for work The same shall apply in the following paragraph), Clauses which totally exclude a business operator from liability to compensate damages to a consumer caused by such defect
- (2) The provision of the preceding paragraph shall not apply to the clause provided in item (v) of the preceding paragraph which fall under the cases enumerated in the following items.
- (i) In the case where a consumer contract provides that the business operator is responsible to deliver substitute goods without defects or repair the subject when there exists a latent defect in the material subject of the consumer contract
  - (ii) In the case where a contract between the consumer and another business operator entrusted by the business operator or a contract between the business operator and another business operator for the benefit of the consumer, which is concluded before or simultaneously with the consumer contract, provides that the other business operator is responsible to compensate the whole or a part of the damage caused by the defect, deliver substitute goods without defects or repair the subject defect when there exists a latent defect in the material subject of the consumer contract

**Article 9** (Nullity of Clauses which Stipulate the Amount of the Damages Paid by

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5 "koi matawa jyu kashitu ni yoru" Standard Bilingual Dictionary assigns "intent" for "koi." However, here, intentional act and gross negligence will be more suitable. In the translation of Article 504 of the Civil Code, the words "koi matawa kashitsu ni yori" are translated into "due to his/her intentional act or negligence.

Consumers and such Other Clauses)

The following clauses of a consumer contract are void to the extent provided in each respective item.

- (i) As to a clause which stipulates the amount of liquidated damages in case of a cancellation or fixes the penalty, when the total amount of liquidated damages and the penalty exceeds the normal amount of damages to be caused by the cancellation of a contract of the same kind to the business operator in accordance with the reason, the time of the cancellation and such other things The part that exceeds the normal amount.
- (ii) As to the clauses in a consumer contract which stipulate the amount of damages or fix the penalty in the case of a total or partial default (if the number of payments is more than one, every failure of payment is a default in this item) of a consumer who is over due, when the total amount of liquidated damages and the penalty exceeds the amount calculated by deducting the amount of money actually paid from the amount of money which should have been paid on the due date and multiplying by 14.6% a year in accordance with the number of days from the due date to the day on which the money is actually paid The part that so exceeds.

**Article 10 (Nullity of Clauses that Impair the Interests of Consumers One-sidedly)**

Clauses which restrict the rights of consumers or expand the duties of consumers beyond those under the provisions unrelated to the public order applicable pursuant to the Civil Code, the Commercial Code and such other laws and regulations and which, impair the interests of consumers unilaterally against the fundamental principle provided in the second paragraph of article 1 of the Civil Code, are void.

**Section 3 Auxiliary Provisions**

**Article 11 (Application of Other Acts)**

- (1) As to the effects of rescission of a manifestation of intention to offer or accept a consumer contract and of a clause in a consumer contract, the provisions of the Civil Code and the Commercial Code shall apply in addition to this Act.
- (2) As to the effects of rescission of a manifestation of intention to offer or accept a consumer contract and of a clause in a consumer contract, if laws or regulations other than the Civil Code and the Commercial Code provide otherwise, such laws and regulations shall take priority.

**Chapter 3 Injunction Demand**

**Section 1 Right to Demand an Injunction**

## Article 12

- (1) In the case where a business operator, an entrusted person etc. or an agent of a business operator or an agent of an entrusted person, etc. (hereinafter referred to as "Business Operator, etc.") conducts or is likely to conduct such acts prescribed in the provisions of paragraphs (1) - (3) of Article 4 (excluding the cases prescribed in the para. (2) of the same article which fall under the proviso of para.(2) of the same article. The same shall apply to the following paragraph) to many unspecified consumers, in soliciting execution of a consumer contract, qualified consumer organizations may demand against said business operators, etc., to stop or to prevent such acts, the disposal of or the removal of materials used for such acts or other necessary measures to stop or to prevent such acts; provided, however, that this shall not apply to cases where the consumer contract may not be rescinded on the grounds of such acts pursuant to the provisions of any laws or regulations other than the Civil Code and the Commercial Code.
- (2) In cases where persons listed in the following items conduct or are likely to conduct such acts prescribed in the provisions of paragraphs (1) - (3) of Article 4 to many unspecified consumers, in soliciting consumer contracts, qualified consumer organizations may demand against such persons provided in each item to instruct such persons listed in each item for correction or to stop incitement, or other necessary measures to stop or to prevent such acts. In this case, the proviso of the preceding paragraph shall apply mutatis mutandis.
  - (i) Entrusted person, etc.: A business operator or other entrusted person, etc. (including any person who is entrusted through more than two layers of entrustment) who have entrusted to the former entrusted person, etc.
  - (ii) An agent of a business operator or agent of an entrusted person, etc.: An agent of a business operator or entrusted person, etc. who has appointed the agent as his/her own agent or such other agents
- (3) In cases where a business operator or an agent of a business operator enters into a consumer contract which includes the provisions referred to in Articles 8 - 10 (excluding the provisions of consumer contracts in item (v) of para. (1) of Article 8 which fall under each item of para. (2) of the same article. The same shall apply to the following paragraphs) with many unspecified consumers, and manifests or is likely to manifest the intention to offer or accept such contracts, qualified consumer organizations may demand against such business operators or their agent to stop or prevent such acts, the disposal of or the removal of materials used for such acts or other necessary measures to stop or prevent such acts; provided, however, that this shall not apply to cases where the provisions of such consumer contracts shall not be made void by any laws other than the Civil Code and the Commercial Code.

- (4) In the case where an agent of a business operator enters into a consumer contract which includes the provisions referred to in Articles 8 - 10 with many unspecified consumers, and manifests or is likely to manifest the intention to offer or accept such contracts, qualified consumer organizations may demand against a business operator or other agent who appointed the agent as his/her own agent to instruct the agent for correction or stop incitement or other necessary measures to stop or prevent such acts. In this case, the proviso of the preceding paragraph shall apply mutatis mutandis.
- (5) Demands prescribed in the preceding paragraphs (hereinafter referred to as "Injunction Demand") may not be made in the following cases:
- (i) In the case where a demand is intended to gain unjustifiable profit for said qualified consumer organization or third party, or to cause damage to said business operator, etc.
  - (ii) In the case where a final and binding judgment etc. (hereinafter referred to as final judgment and those with the same effect, but excluding those listed in (a) to (c) below) has been given against the other qualified consumer organization with respect to the lawsuit etc. (hereinafter referred to as proceedings of lawsuit and petition for settlement, conciliation and arbitration) in connection with the demand for injunction and the contents of the demand and the business operator, etc. being the opposite party of the demand are the same with those of lawsuits, etc.; provided, however, this shall not apply to cases where certification as a qualified consumer organization provided in para. (1) of the following article has been rescinded with respect to said lawsuit, etc. relating to the said final and binding judgment for the reasons provided in item (iv) of para. (1) of Article 34, or it has been found that any of the reasons provided in item (iv) of para. (1) of the same article existed pursuant to para. (3) of the same article.
    - (a) A final and binding judgment that dismissed the lawsuit without prejudice
    - (b) A final and binding judgment and an arbitration award that dismissed the demand for an injunction only on the grounds provided in the preceding item
    - (c) A final and binding judgment and those which have equivalent effects that dismissed the claim for confirmation of absence of right to demand an injunction (hereinafter referred to as "Right to Demand an Injunction") or of absence of obligation related to the right to demand an injunction (hereinafter referred to as "Confirmation Request of Absence of Right to Demand an Injunction" in Article 24 ).
- (6) The provision of the main clause of item (ii) in the preceding paragraph shall not preclude a demand for an injunction provided in the main clause of the same item for reasons arising after conclusion of the oral argument of the lawsuit related to the final and binding judgment or establishment of anything with equal effects to

the final and binding judgment.

## **Section 2 Qualified Consumer Organization**

### **Subsection 1 Certification of Qualified Consumer Organizations, etc.**

#### **Article 13 (Certification of Qualified Consumer Organizations)**

- (1) A person who intends to provide services involved in demand of an injunction (which means services involved in exercising rights to demand an injunction for the interests of many unspecified consumers, collecting information on the consumer's damage necessary to perform those services and providing information on the consequences of exercising their rights to demand an injunction that contributes to the prevention and the remedy of the consumer's damages. The same shall apply hereinafter) shall be certified by the Prime Minister.
- (2) A person who intends to obtain certification as provided in the preceding paragraph shall apply for certification to the Prime Minister.
- (3) The Prime Minister may approve certification provided in para. (1), only if a person who has applied pursuant to the preceding paragraph, complies with all the following requirements.
  - (i) The person shall be a specified non-profit juridical person provided in para. (2) of Article 2 of the Act to Promote Specified Non-profit Activities (Act No. 7, 1998) or a juridical person provided in Article 34 of the Civil Code.
  - (ii) The person shall have as its main object to be engaged in activities such as collecting and providing information on consumer affairs, to prevent and to remedy consumer's damages and other activities to protect the interests of many unspecified consumers, and shall be recognized as having been properly conducting such activities for a reasonable period of time.
  - (iii) The person shall have prepared proper structures for demand of an injunction, methods to conduct services involved in demand of an injunction, system to manage and to hold confidential the information obtained in the course of conducting said services, and other organizational structures and operating rules to properly conduct said services.
  - (iv) Directors of such a person shall comply with the following requirements.
    - (a) There shall be a council to perform the decision-making functions for the execution of services involved in demand of an injunction, consisting of directors, and the process of decision-making prescribed in the articles of incorporation or the articles of endowment shall conform to the following requirements.
      1. It shall be prescribed that resolutions shall be made by a majority of the directors of the council.

2. Decisions on demand of an injunction prescribed in the provision of para. (1) of Article 41, filing of a lawsuit involving a demand for an injunction and other important matters of execution of services involved in demand of an injunction shall not be delegated to specific directors or others.
- (b) The constitution of the council of directors shall not fall under either 1 or 2 of the following items. In this case, a person who complies with the requirements provided in item ( ) shall not be deemed to be a business operator prescribed in the following 1 or 2.
    1. The ratio of relevant persons (meaning the business operator and his/her officers or employees and other persons provided by a Cabinet Office Ordinance. The same shall apply in the following 2 . ) of a specified business operator (including persons who have one half or more of the total number of outstanding shares of the business operator and other persons who have special relationship with the business operator provided by a Cabinet Office Ordinance) exceeds one third of all directors.
    2. The ratio of relevant persons of business operators who conduct the same business type (according to the classifications provided by Cabinet Office Ordinance) exceeds one half of all directors.
  - (v) The person shall have an organizational structure so that persons listed in (a) and (b) (hereinafter referred to as an "Expert Advisers") shall be able to jointly give necessary advice based on his/her expertise and professional experience and state their opinion, at a section responsible for reviewing whether a demand for an injunction is required or not and the reasons why a demand for an injunction should be sought, and be otherwise found to have expertise and professional experience necessary for properly conducting the services involved in demand of an injunction, in light of the human resources of such a person to conduct such services.
    - (a) A person who satisfy requirements provided in a Cabinet Office Ordinance as a person having expertise and professional experience concerning consultation regarding complaints on consumer affairs arising between a consumer and a business operator (in para. (1) of Article 40 referred to as "Consumer Affairs Consultation") and other matters on consumer affairs.
    - (b) Attorney, judicial scrivener and other persons who satisfy requirements provided by a Cabinet Office Ordinance as having professional expertise and experience concerning law
  - (vi) The person shall have sufficient fiscal foundation to properly conduct services involved in demand of an injunction
  - (vii) In case the person conducts services other than those involved in demand of an injunction, it is not likely that the services involved in demand of an injunction will be hampered by such other services.

- (4) The operating rules in item (iii) of the preceding paragraph shall set forth methods to conduct services involved in demand of an injunction, to manage information obtained in the course of conducting said services and to hold confidentiality, and other matters provided by a Cabinet Office Ordinance. In this case, the methods to conduct services involved in demand of an injunction set forth in the operating rules shall include such measures as obtaining advice from and hearing the opinions of an Expert Adviser within a section responsible for reviewing such demands as provided by item (v) of the preceding paragraph, as to the case where an officer, employee or Expert Advisor has special interests with a business operator, etc. who is an adverse party of the injunction, or other measures to ensure fair provision of such services.
- (5) Any person who falls under any of the following items may not be certified pursuant to para. (1).
- (i) Any juridical person who has been punished by a fine, has completed punishment but three years have not yet passed since the completion of the punishment, due to the violation of the provisions of this Act or such other laws to protect the interests of consumers as specified by Cabinet Orders, or provisions of orders based on these acts and laws or dispositions based on such provisions.
  - (ii) Any juridical person whose certification provided in para. (1) has been rescinded for any of the reasons listed in each item of the para. (1) of Article 34, or who is found to have had the reasons listed in item (iv) of para. (1) of Article 34 and three years have not yet passed since the rescission or the finding
  - (iii) Any juridical person whose business activities are controlled by a member of any crime syndicate provided by item (vi) of Article 2 of the Law concerning the Prevention of the Unjust Acts by Members of Crime Syndicate (Act No. 77, 1991) (hereinafter referred to as "Crime Syndicate Member" in this item) or by a person for whom five years have not yet passed since he/she ceased to be a crime syndicate member (hereinafter referred to as "Crime Syndicate Member, etc." in the following item and (c) of item (vi))
  - (iv) Any juridical person who is likely to engage Crime Syndicate Member, etc. in his/her business activities or use them as assistants in his/her business activities
  - (v) Any political organization (meaning a political organization provided by para. (1) of Article 3 of the Political Funds Control Act (Act No. 194, 1948))
  - (vi) Any juridical person with officer(s) who falls under any of the following items.
    - (a) Any person who has been punished by imprisonment without work or severer punishment, or by a fine, and has completed punishment but for whom three years have not yet passed since the completion of the punishment, due to violation of the provisions of this Act or such other laws to protect the interests

of consumers as specified by Cabinet Orders, or provisions of orders based on these acts and laws or dispositions based on such provisions.

- (b) In the case where certification in para. (1) as a qualified consumer organization has been rescinded for any of the reasons provided by each item of para. (1) of Article 34 or such qualified consumer organization is found to have had any of the reasons listed in the item (iv) of para. (1) of the same article, any person who was an officer of said qualified consumer organization six months prior to the rescission or the finding and for whom three years have not yet passed since the rescission or the finding
- (c) Crime Syndicate Member, etc.

#### **Article 14 (Application for Certification)**

(1) Application provided in para. (2) of the preceding article shall be filed with the Prime Minister by submitting an application form with the following items filled in:

- (i) Name, address and the name of a representative
- (ii) Location of the office where services involved in demand of an injunction will be conducted
- (iii) Matters set forth by a Cabinet Office Ordinance in addition to the matters listed in the preceding items (i) and (ii)

(2) The following documents shall be attached to the application form mentioned in the preceding para. (1).

- (i) The articles of incorporation or the articles of endowment
- (ii) Any document certifying that such consumer organization has been properly conducting such activities for a considerable period of time to protect the interests of many unspecified consumers
- (iii) Documented business plans concerning services involved in demand of an injunction
- (iv) Any document certifying that such consumer organization has a proper organizational structure to conduct services involved in demand of an injunction
- (v) Operating rules
- (vi) Documents listed in the following items concerning officers, employees and Expert Advisers
  - (a) Any document that lists names, titles and professions
  - (b) Any document that lists addresses, brief biographical outlines and other matters set forth by a Cabinet Office Ordinance
- (vii) Regarding members of a juridical person set forth by item (i) of para. (3) of Article 13, any document that lists the number of members, whether they are individuals or juridical persons or other entities (including the number of members if the members are juridical persons or other entities)

- (viii) An inventory of property, balance sheet, income and expenditure statements for recent business years and other financial records certifying that such consumer organization has fiscal foundation
- (ix) Any document pledging that such consumer organization shall not fall under any of the items in para. (5) of Article 13
- (x) If such consumer organization conducts any services other than those involved in demand of an injunction, any document that lists the business type and its brief description
- (xi) Other documents specified by a Cabinet Office Ordinance

**Article 15** (Public Notices and Public Inspections, etc. Concerning Application for Certification)

- (1) When an application for certification provided in Article 14 is made, the Prime Minister shall, without delay, give the public notice of such application and matters listed in items (i) and (ii) of para. (1) of Article 14 pursuant to the provision of a Cabinet Office Ordinance, and make documents listed in each item of para. (2) of article 14 (excluding (b) of item (vi), item (ix) and item (xi)) available for public inspection for two weeks after the public notice.
- (2) If the Prime Minister finds that the person who has applied for certification provided in the preceding article is suspected to fall under item (iii) or (iv) or (c) of item (vi) of para. (5) of Article 13, the Prime Minister shall seek the opinion of the Director-General of the National Police Agency.

**Article 16** (Public Notice of Certification)

- (1) When the Prime Minister has certified pursuant to para. (1) of Article 13, the Prime Minister shall give the public notice of the name and address of the qualified consumer organization and the office address where the organization conducts services involved in demand of an injunction and the date of certification, pursuant to the provision of a Cabinet Office Ordinance, and shall notify the qualified consumer organization of the same in writing.
- (2) A qualified consumer organization shall clearly and visibly show that the organization is a qualified consumer organization, as set forth by a Cabinet Office Ordinance, somewhere in the office where services involved in demand of an injunction are provided.
- (3) Any consumer organization which is not a qualified consumer organization may not use in the name any letters and characters that are likely to be mistaken as a qualified consumer organization, nor exhibit any signs that are likely to be mistaken as a qualified consumer organization with respect to its operation

**Article 17** (Valid Period of Certification)

- (1) The validity of certification provided in para. (1) of Article 13 shall be three years from the date of certification.
- (2) Any qualified consumer organization which intends to continue services involved in demand of an injunction after the expiration of the validity in the preceding paragraph, shall apply for a renewal.
- (3) Any qualified consumer organization which intends to renew the validity as provided in the preceding paragraph, shall apply for the renewal to the Prime Minister during the period 90 days to 60 days prior to the expiration date of the validity provided in para. (1) (hereinafter referred to as "Renewal Application Period"); provided, however, that this shall not apply to cases where application is not possible during the renewal application period due to disaster or other compelling reason.
- (4) If the application is made as provided in the preceding paragraph, but the processing for the application has not been completed by the expiration date of the validity set forth in para. (1), then, the certification then in force shall remain in full force and effect after the expiration of the valid period in the preceding paragraph until the process is completed.
- (5) In the preceding paragraph case, when the validity provided by para. (2) is renewed, the validity of that certification shall start from the day following the expiration date of prior certification.
- (6) Provisions of Article 13 (excluding para. (1) and item (ii) of para. (5)), Article 14, Article 15 and para. (1) of the preceding article shall apply mutatis mutandis to the renewal of the valid period provided by para. (2); provide, however, attachment of the documents listed in each item of para. (2) of Article 14 may be omitted, if no changes have been made in the documents that were submitted to the Prime Minister.

**Article 18 (Change Notice)**

If any changes have been made in the matters listed in each item of para. (1) of Article 14 or the matters in the documents listed in each item of para. (2) of the preceding article (excluding items (ii) and (xi)), a qualified consumer organization shall, without delay and pursuant to a Cabinet Office Ordinance, submit a written notice to that effect to the Prime Minister; provided, however, that this shall not apply if such changes are minor as provided by the Cabinet Office Ordinance.

**Article 19 (Notification of a Merger and the Approval of, etc.)**

- (1) If a juridical person who is a qualified consumer organization merges with another qualified consumer organization, a surviving juridical person or a newly established juridical person after merger shall succeed the status of the juridical person extinguished by the merger as a qualified consumer organization provided

by this Act.

- (2) A juridical person who, pursuant to the provisions of the preceding paragraph, has succeeded the status of the juridical person extinguished by the merger as a qualified consumer organization pursuant to the provisions of this Act, shall notify the same to the Prime Minister without delay.
- (3) If a juridical person who is a qualified consumer organization merges with a juridical person who is not a qualified consumer organization, a surviving juridical person or a newly established juridical person after merger shall succeed the status of the juridical person extinguished by the merger as a qualified consumer organization provided by this Act, only if the Prime Minister has approved the merger.
- (4) Any qualified consumer organization which intends to obtain the approval provided in the preceding paragraph shall apply for the approval to the Prime Minister during the period 90 days to 60 days prior to the date when the merger takes effect (hereinafter in this item referred to as "Approval Application Period"); provided, however, that this shall not apply to cases where the application is not possible during the approval application period due to disaster or other compelling reasons.
- (5) If the application is made as prescribed in the preceding paragraph, but the processing of the application has not be completed by the date when the merger takes effect, then, a surviving juridical person or a newly established juridical person after merger shall be deemed to have succeeded the status of the juridical person extinguished by the merger until the processing is completed.
- (6) Provisions of Article 13 (excluding para. (1)), Article 14, Article 15 and para. (1) of Article 16 shall apply mutatis mutandis to the approval provided by para. (3).
- (7) When a juridical person who is a qualified consumer organization merges with a juridical person who is not a qualified consumer organization and does not apply as provided by para.(4,) it shall notify the same to the Prime Minister by the day when the merger takes effect.
- (8) When the Prime Minister has been notified pursuant to in para. (2) or the preceding paragraph, the Prime Minister shall give the public notice of such notification pursuant to a Cabinet Office Ordinance.

**Article 20** (Notification of Business Transfers and Approvals, etc.)

- (1) When a juridical person who is a qualified consumer organization transfers its business involved in demand of an injunction in whole to another juridical person who is a qualified consumer organization, the transferee shall succeed the status of the transferor as a qualified consumer organization provided by this Act.
- (2) The juridical person who, pursuant to the provision of the preceding paragraph, has succeeded the status of the transferor as a qualified consumer organization

prescribed by the provisions of this Act, shall notify the same to the Prime Minister without delay.

- (3) When a juridical person who is a qualified consumer organization transfers its business involved in demand of an injunction in whole to another juridical person who is not a qualified consumer organization, the transferee shall succeed the status of the transferor as a qualified consumer organization provided by this Act, only when the Prime Minister has approved the transfer.
- (4) Any qualified consumer organization which intends to obtain approval as prescribed in the preceding paragraph shall apply for the approval to the Prime Minister during the period 90 days to 60 days prior to the date of the transfer (hereinafter in this item referred to as "Approval Application Period"); provided, however, that this shall not apply to cases where the application is not possible during the approval application period due to disaster or other compelling reasons.
- (5) When the application is made as prescribed in the preceding paragraph, but the processing of the application has not be completed by the date of transfer, then, the transferee shall be deemed to have succeeded the status of the transferor as a qualified consumer organization provided by this Act until the processing is completed.
- (6) Provisions of Article 13 (excluding para. (1)), Article 14, Article 15 and para.(1) of Article 16 shall apply mutatis mutandis to the approval provided by para.(3).
- (7) When a juridical person who is a qualified consumer organization transfers its business involved in demand of an injunction in whole to another juridical person who is not a qualified consumer organization and does not apply as provided by para. (4), it shall notify the same to the Prime Minister by the date of transfer.
- (8) When the Prime Minister has been notified pursuant to para. (2) or the preceding paragraph, the Prime Minister shall give the public notice of such notification pursuant to a Cabinet Office Ordinance.

**Article 21** (Notification of Dissolution etc.)

- (1) When a qualified consumer organization falls under any of the following items, such person provided in each item shall notify the same to the Prime Minister without delay.
  - (i) In the case of dissolution due to a ruling of the commencement of bankruptcy proceedings: by bankruptcy trustee.
  - (ii) In the case of dissolution for any reason other than a merger and the ruling of the commencement of bankruptcy: by the liquidator
  - (iii) In the case of termination of a business involved in demand of an injunction: by a representative of the juridical person
- (2) When the Prime Minister has been notified as prescribed in the preceding paragraph, the Prime Minister shall give the public notice of such notification

pursuant to a Cabinet Office Ordinance.

**Article 22 (Termination of Certification)**

In the case where any of the following reasons occur to a qualified consumer organization, certification provided in para. (1) of Article 13 shall cease to be effective.

- (i) In the case where the validity of certification provided in para. (1) of Article 13 has expired (in the case prescribed para. (4) of Article 17, when the renewal is refused)
- (ii) When a juridical person who is a qualified consumer organization merges with a juridical person who is not a qualified consumer organization and when the merger takes effect without the approval provided in para. (3) of Article 19 (in the case prescribed by para. (5) of the same article, when the merger has been refused)
- (iii) When a juridical person who is a qualified consumer organization transfers its business involved in demand of an injunction in whole to another juridical person who is not a qualified consumer organization, and the transfer has been made without the approval provided in para. (3) of Article 20 (in the case prescribed in para. (5) of the article, when the transfer has been refused)
- (iv) When a qualified consumer organization falls under any of the items of para. (1) of the preceding article

**Subsection 2 Services Involved in Demand of an Injunction, etc.**

**Article 23 (Exercise of Rights to Demand an Injunction)**

- (1) A qualified consumer organization shall exercise its right to demand an injunction properly for the interests of many unspecified consumers.
- (2) A qualified consumer organization shall not abuse its right to demand an injunction.
- (3) A qualified consumer organization shall exercise its right to demand an injunction jointly with other qualified consumer organizations depending on the nature of a case, and shall endeavor to cooperate and coordinate each other in conducting services involved in demand of an injunction.
- (4) A qualified consumer organization shall notify other qualified consumer organizations without delay and pursuant to a Cabinet Office Ordinance if any of the following occurs, and shall report the details of the same and other matters provided by a Cabinet Office Ordinance to the Prime Minister. In this case, the qualified consumer organization shall be deemed to have notified and reported the same, when, in lieu of the notification and the report, it takes measures provided by a Cabinet Office Ordinance that allows all qualified consumer organizations and the Prime Minister to review the same information through electromagnetic means

(which means the use of electronic information processing organizations and other information communication technologies. The same shall apply hereinafter).

- (i) When a demand for an injunction has been made as prescribed in para. (1) of Article 41 (including the case where it is applied to mutatis mutandis pursuant to para. (3) of the same article).
- (ii) In addition to the cases prescribed in the preceding item, when a non-judicial demand for an injunction has been made against a business operator.
- (iii) When an action concerning a demand for an injunction has been filed (including a petition for settlement or conciliation or an agreement for arbitration), or a petition for provisional disposition order has been filed.
- (iv) When a judgment pertaining to a demand for an injunction has been rendered (including settlement by conciliation, notification of a decision in lieu of conciliation or an arbitration award) or notification of ruling with respect to the petition of provisional disposition order pertaining to a demand for an injunction has been made.
- (v) When an appeal against the judgment in the preceding item has been filed (including the filing of an objection to the decision in lieu of conciliation or the filing of a rescission of the arbitration award) or an appeal has been filed against the ruling in the preceding item.
- (vi) When the judgment in item (iv) (including the decision in lieu of conciliation or an arbitration award) or the ruling prescribed in the same item has become final and binding.
- (vii) When a judicial settlement pertaining to a demand for an injunction has been reached.
- (viii) In addition to the cases listed in the preceding items (vi) and (vii), when a lawsuit pertaining to a demand for an injunction (including proceedings pertaining to a petition for settlement, conciliation proceedings or arbitration proceedings) or proceedings of provisional disposition pertaining to a demand for an injunction have been completed.
- (ix) When non-judicial settlement pertaining to a demand for an injunction has been reached, or any other agreements have been reached or failed to be reached with a business operator pertaining to a demand for injunction.
- (x) When a qualified consumer organization is going to conduct any act pertaining to the waiver of claims, settlement, withdrawal of appeals and other proceedings set forth by a Cabinet Office Ordinance with respect to a demand for an injunction that will result in a final and binding judgment or those which will have the same effect.
- (xi) When a qualified consumer organization has conducted other acts pertaining to proceedings provided by a Cabinet Office Ordinance with respect to a demand

for an injunction.

- (5) When the Prime Minister has received any report provided in the preceding paragraph, the Prime Minister shall notify other qualified consumer organizations of the date and time of the report, its outline and other matters set forth by a Cabinet Office Ordinance, by means that allows all qualified consumer organizations and the Prime Minister to review the same information electromagnetically or by other means provided by a Cabinet Office Ordinance.
- (6) When a qualified consumer organization may compulsorily execute a final and binding judgment, etc. provided in the main clause of item (ii) of para. (5) of Article 12, it may not waive a demand for an injunction pertaining to the final and binding judgment, etc.

**Article 24 (Handling of Information Related to Consumer Damage)**

When a qualified consumer organization uses information on damages suffered by a consumer collected from the consumer in such a way that the party opposite to him/her or other third parties can identify such consumer related to such damages, a qualified consumer organization shall obtain prior consent from said consumer, in exercising its right to demand an injunction (including a lawsuit for a confirmation of the absence of the right to demand an injunction. The same shall apply to Article 28).

**Article 25 (Obligation of Confidentiality)**

Past or present officers, employees or Expert Advisors of a qualified consumer organization may not disclose confidential information known to them in the course of services involved in demand of an injunction except for justifiable grounds.

**Article 26 (Clear Indication of Names, etc.)**

Any person who is engaged in services involved in demand of an injunction, of a qualified consumer organization, shall, in performing such services, disclose the name of the organization, his/her name and title or position therein and other matters set forth by a Cabinet Office Ordinance to the opposite person, upon request from the person.

**Article 27 (Provision of Information Related to Judgments, etc.)**

A qualified consumer organization shall endeavor to inform consumers of the contents of judgment pertaining to a demand for an injunction (including anything with the same effect as a final and binding judgment, and also decisions on filed provisional disposition orders) or of non-judicial settlement and other necessary information.

**Article 28 (Prohibition of Receiving Property Benefits)**

- (1) A qualified consumer organization may not receive any monetary or property benefits in exercising its right to demand an injunction, under any name whether it be a donation or grant , from the opposite person involved in that demand for an injunction, except for the following cases.
  - (i) When a qualified consumer organization receives property benefits, as reimbursement equivalent to the court cost, from the opposite party who has been ruled to bear the court cost (including costs of settlement, conciliation and arbitration proceedings) under the judgment pertaining to a demand for an injunction (including anything with the same effect as a final and binding judgment, and rulings on the provisional disposition orders. Hereinafter the same shall apply in this paragraph) or rulings on para. (1) of Article 73 of the Code of Civil Procedure (Act No. 109, 1996)
  - (ii) When a qualified consumer organization receives property benefits as monetary payment ordered by para. (1) of Article 172 of the Civil Execution Act (Act No. 4, 1979) under the judgment pertaining to a demand for an injunction.
  - (iii) When a qualified consumer organization receives property benefits as reimbursement of costs for compulsory execution of a judgment pertaining to a demand for an injunction.
  - (iv) When a qualified consumer organization receives property benefits as a penalty agreed upon to ensure performance of obligations of the opposite party involved in a demand for an injunction.
- (2) Officers, employees or Expert Advisors of a qualified consumer organization may not receive any monetary or property benefits concerning exercising their rights to demand an injunction, whether it be a donation, grant or other remuneration, from the opposite party involved in that demand for an injunction by the qualified consumer organization.
- (3) A qualified consumer organization, its officers, employees or Expert Advisors may not allow any third parties to receive any monetary or property benefits concerning exercising their rights to demand an injunction, whether it be a donation, grant or other such remuneration, from the opposite party involved in that demand for an injunction by the qualified consumer organization .
- (4) Property benefits that shall not be received or made to third parties from the opposite party involved in a demand for an injunction provided in the preceding three paragraphs concerning exercising such rights to demand an injunction, shall not include property benefits that are received or made to third parties as compensation for damages caused by torts by the opposite party with respect to exercising the rights to demand an injunction.
- (5) When a qualified consumer organization has received property benefits provided in each item of para. (1), it shall reserve a fund equivalent to the amount received to cover the costs required for the services involved in demanding an injunction.

(6) A qualified consumer organization shall specify in its article of incorporation or the article of endowment, to the effect that if a qualified consumer organization terminates the services involved in demand of an injunction or stops said services for reason of the expiration (except for expiration due to termination of services involved in demand of injunction) or rescission of certification provided in para. (1) of Article 13 and if a surplus (which means the amount in the fund set forth in the preceding paragraph) remains, such remaining surplus shall belong to either another qualified consumer organization (if a qualified consumer organization has succeeded the right to demand an injunction provided in the provision of Article 35, that qualified consumer organization) if such organization exists, or, if not, to such consumer organization that conforms to the requirements set forth in item (ii) of para. (3) of Article 13 and specified by the Prime Minister or to the National Treasury.

**Article 29** (Scope of Business and Division of Accounting)

- (1) A qualified consumer organization may conduct any business other than services involved in demand of an injunction in accordance with the article of incorporation or the article of endowment, to the extent that such other business does not adversely affect the services involved in demand of an injunction
- (2) A qualified consumer organization shall separately prepare accounting of the following services listed below.
  - (i) Services involved in demand of an injunction
  - (ii) Services pertaining to activities to protect the interests of many unspecified consumers (excluding the services set forth in the preceding item).
  - (iii) Any services other than those listed in the preceding items (i) and (ii).

**Subsection 3 Supervision**

**Article 30** (Books and Records Preparation and Keeping)

A qualified consumer organization shall prepare and keep books and records related to its services and accounting as provided by a Cabinet Office Ordinance.

**Article 31** (Preparation, Provision, Inspection and Submission of Financial Statements, etc.)

- (1) A qualified consumer organization shall prepare, within three months from the last day of every business year, its inventory of property, balance sheet, income and expenditure statement and business report for that business year (including records by electromagnetic means if such records have been prepared in electromagnetic form in lieu of such written documents (which means records that are either by electronic or magnetic means or other means that are not recognized

- by human eyes and that are provided for use with computers. Hereinafter the same shall apply to this article) (Hereinafter referred to as "Financial Statements, etc.))
- (2) A qualified consumer organization shall accept an inspection by persons with knowledge and experience necessary to audit its operation every business year, pursuant to a Cabinet Office Ordinance, regarding whether or not the services involved in demand of an injunction and other services are properly performed pursuant to the provisions of this Act.
- (3) The following documents shall be kept in the office of a qualified consumer organization pursuant to a Cabinet Office Ordinance.
- (i) The Article of Incorporation or the Article of Endowment
  - (ii) Operating Rules
  - (iii) A list of officers and employees (which means a list including names, titles and professions of officers, employees and Expert Advisors and other matters provided by a Cabinet Office Ordinance)
  - (iv) Documents that list the number of members of a qualified consumer organization, whether they are individuals or juridical persons or other entities (including the number of constituent members, in the case where members are juridical persons or other entities) .
  - (v) Financial Statements, etc.
  - (vi) Documents that records details of revenue, other matters related to funds and contributions and other accounting matters provided by a Cabinet Office Ordinance.
  - (vii) When a qualified consumer organization conducts any services other than those involved in demand of an injunction, documents that record the types and its brief description of the services.
  - (viii) Inspection report that states the methods and results of the audit provided for in the preceding paragraph.
- (4) Any person may make any of the following requests at any time within the business hours of a qualified consumer organization; provided, however, that when a consumer makes a request provided in (ii) or (iv), he /she shall pay the fees set forth by the qualified consumer organization.
- (i) A request to inspect or copy the documents listed in each item of the preceding paragraph if prepared in writing.
  - (ii) A request to issue a transcript or extract of the documents provided in the preceding item
  - (iii) When the documents listed in each item of the preceding paragraph are recorded with electromagnetic means, a request to inspect or copy the contents of the electromagnetic records displayed by means provided by a Cabinet Office Ordinance.
  - (iv) A request to deliver the matters recorded electromagnetically as provided in

the preceding item by electromagnetic means, by such means as prescribed by a Cabinet Office Ordinance, or a request to deliver a writing prescribing said matters.

- (5) A qualified consumer organization may not refuse any request provided for in each item of the preceding paragraph except on justifiable grounds
- (6) A qualified consumer organization shall submit the documents provided for in items (iii) - (vi) and (viii) of para. (3) to the Prime Minister within three months from the last day of every business year.

**Article 32 (Reporting and On-site Inspections)**

- (1) The Prime Minister may have a qualified consumer organization report its operation and accounting conditions, make the officials enter the office of the organization to inspect its operation conditions or books and records and other things, or to ask questions to the relevant persons, to the extent necessary to enforce this Act.
- (2) When the officials enter premises pursuant to the preceding paragraph, they shall have their status with them and show it to the relevant person.
- (3) Authority to enter the premises provided in para.(1) shall not be construed as permitted for criminal investigation.

**Article 33 (Compliance Order and Improvement Order)**

- (1) When the Prime Minister finds that a qualified consumer organization does not conform to the requirements set forth in items (ii) - (vii) of para. (3) of Article 13, the Prime Minister may order said qualified consumer organization to take the necessary measures to conform to the requirements.
- (2) If the Prime Minister finds that a qualified consumer organization falls under any of the items (iii) - (vi) of para. (3) of Article 13, that a qualified consumer organization, its officers, employees or Expert Advisors violated the provisions of this Act in performing services involved in demand of an injunction, or that it is necessary in order to ensure the proper operation of services by a qualified consumer organization, the Prime Minister may order the qualified consumer organization to improve its personnel system, cease violation, modify operating rules or take other measures necessary for the improvement of its operations.

**Article 34 (Rescission of Certification, etc.)**

- (1) The Prime Minister may rescind certification of a qualified consumer organization prescribed in para. (1) of Article 13 for any of the following reasons.
  - (i) When a qualified consumer organization has been certified pursuant to para. (1) of Article 13, has renewed the valid period provided in para. (2) of Article 17 or certified pursuant to para. (3) of Article 19 or para. (3) of Article 20, through

- deception or other wrongful means.
- (ii) When a qualified consumer organization ceases to conform to the requirements set forth in each item of para. (3) of Article 13.
  - (iii) When a qualified consumer organization falls under any of the items of para. (5) of Article 13 (excluding item (ii)).
  - (iv) With respect to court proceedings, etc. pertaining to final and binding judgments, etc. provided in the main clause of item (ii) of para. (5) of Article 12, when a qualified consumer organization which is a party to the court proceedings, etc. has waived claims, established settlements that are detrimental to the interests of many and unspecified consumers, in conspiracy with business operators, etc., or otherwise when it is found that the organization thereafter has sought court proceedings, etc. that significantly violate the interests of many and unspecified consumers
  - (v) With respect to proceedings necessary for compulsory execution pertaining to final and binding judgments, etc. provided in the main clause of item (ii) of para. (5) of Article 12, when it is found that failure to pursue proceedings by a qualified consumer organization which is a party to the proceedings of final and binding judgments, etc. are materially detrimental to the interests of many unspecified consumers.
  - (vi) When a qualified consumer organization violates this Act, the provisions of the orders pursuant to this Act or the dispositions pursuant to these provisions, otherwise than prescribed in the preceding each item.
  - (vii) When officers, employees or Expert Advisors of a qualified consumer organization violate the provisions of paragraphs (2) or (3) of Article 28
- (2) When a qualified consumer organization, with respect to a demand of an injunction, has committed an act provided in item (x) of para. (4) of Article 23 in violation of the provisions of para. (4) of Article 23, without notifying or reporting it as prescribed in the same para. (4), the Prime Minister may deem the qualified consumer organization to have the reason provided for in item (iv) of para. (1).
- (3) In the case provided in the main clause of item (ii) of para. (5) of Article 12 and where certification pursuant to para. (1) of Article 13 pertaining to said another qualified consumer organization has already expired for the reasons prescribed in each item of Article 22, or has already been rescinded for the reasons provided for in each item of para. (1) (excluding the reasons in (iv) of the preceding paragraph of court proceedings, etc. pertaining to the final and binding judgments, etc.), and if the Prime Minister finds that said another qualified consumer organization had the reasons provided in item (iv) of para. (1) with respect to the court proceedings, etc. pertaining to said final and binding judgments, etc. (including the case where it may be deemed to have the reasons provided for in the same item pursuant to the provisions of para. (2)), then, the Prime Minister may certify the same.

- (4) A qualified consumer organization provided for in the preceding paragraph as a juridical person shall be deemed to exist after the conclusion of liquidation for the purpose of the application of the same paragraph.
- (5) When the Prime Minister has rescinded certification provided in para. (1) of Article 13 for the reasons provided for in each item of para. (1), or has found pursuant to the provision of para. (3) that the reasons provided for in item (iv) of para. (1) exists , the Prime Minister shall give the public notice to that effect and the date of rescission or finding pursuant to Cabinet Office Ordinance, and shall notify in writing such qualified consumer organization or such juridical person who was said another qualified consumer organization of the same .

**Article 35** (Designation, etc. Pertaining to Succession of the Right to Demand an Injunction)

- (1) In the case certification in para. (1) of Article 13 of a qualified consumer organization is terminated for reason provided for in each item of Article 22 or is rescinded for reason provided for in any item of para. (1) of the preceding Article 34, or the same has been already terminated or rescinded for these reasons, while a qualified consumer organization is in a position to commence compulsory execution with a final and binding judgment, etc. provided in the main clause of item (ii) of para. (v) of Article 12, the Prime Minister shall designate another qualified consumer organization as the qualified consumer organization which should succeed such rights to demand an injunction of said qualified consumer organization.
- (2) When designation has been made pursuant to the preceding paragraph, the right to demand an injunction provided for in the same paragraph shall be succeeded by the designated qualified consumer organization at the time of the designation (if the designation is made after the termination or the rescission of certification, then retroactively from the time of the termination or rescission).
- (3) In the case provided for in the preceding paragraph, if the qualified consumer organization having succeeded the right to demand an injunction pursuant to the provision of the preceding paragraph demands an injunction, the provisions of the main clause of item (ii) of para. (5) of Article 12 shall not apply to such right.
- (4) The Prime Minister shall rescind the designation pertaining to the designated qualified consumer organization designated pursuant to para. (1), para. (6) or para. (7) (hereinafter referred to as "Designated Qualified Consumer Organization" from this paragraph to para.( 7)) for any of the following reasons.
  - (i) When the certification in para. (1) of Article 13 is terminated for the reasons provided for in each item of Article 22, or has already been terminated, or is rescinded for reasons provided for in each item of para. (1) of Article 34 with respect to the designated qualified consumer organization

- (ii) If disposition of rescission of certification provided in para. (1) of Article 13, disposition of refusal of renewing the validity of certification provided for in the same paragraph or disposition of disapproval of merger or transfer of its business in whole (hereinafter referred to as "Certification Rescission Disposition, etc." in this article) are rescinded, or if a judgment confirming rescission, nullity or absence of the disposition of rescission of certification, etc. (hereinafter referred to as "Judgment, etc. of Rescission" in item (ii) of the following paragraph) becomes final and binding, with respect to a person who had the right to demand an injunction succeeded by a designated qualified consumer organization before the designation (hereinafter referred to as "Previous Qualified Consumer Organization" in this article) and who was a party to said final and binding judgments, etc.
- (5) The Prime Minister may rescind certification of a designated qualified consumer organization in the case where any of the following events occur.
  - (i) With respect to proceedings necessary for compulsory execution pertaining to the right to demand an injunction succeeded by a designated qualified consumer organization, if it is found that failure to pursue proceedings by said designated qualified consumer organization is materially detrimental to the interests of many unspecified consumers
  - (ii) With respect to a person who was a previous qualified consumer organization and a designated qualified consumer organization (excluding a person who was a party to said final and binding judgments, etc.), if disposition of rescission of certification, etc. that was the reason for rescission of certification provided in item (i) of the preceding paragraph is rescinded, a judgment, etc. of rescission that rescinds the disposition of rescission of certification, etc. becomes final and binding, disposition of rescission provided in the preceding paragraph is rescinded, or a judgment, etc. that rescinds the disposition of rescission becomes final and binding
- (6) When the Prime Minister rescinds or has already rescinded the designation of a designated qualified consumer organization for any of the reasons provided for in item (i) of para. (4) or item (i) of the preceding paragraph, the Prime Minister shall designate another qualified consumer organization as a qualified consumer organization to succeed the right to demand an injunction succeeded by said designated qualified consumer organization.
- (7) When the Prime Minister rescinds the designation of a designated qualified consumer organization for any of the reasons provided for in item (ii) of para. (4) or item (ii) of para. (5), the Prime Minister shall designate the previous qualified consumer organization as a qualified consumer organization to succeed the right to demand an injunction succeeded by said designated qualified consumer organization

- (8) When a new designation is made pursuant to the preceding two paragraphs, the right to demand an injunction in the preceding two paragraphs shall be succeeded by a newly designated qualified consumer organization, retroactively from the time of new designation (at the time of rescission of the previous designation , if a new designation is made after the rescission of the previous designation (at the time of the termination of the certification pertaining to the previous qualified consumer organization provided for in para. (1) of Article 13 if the rescission of the previous designation and a new designation is made after the termination of that certification)).
- (9) The provision of para. (3) shall apply mutatis mutandis to the case where under the preceding paragraph a qualified consumer organization which has succeeded the right to demand an injunction pursuant to the provision of the preceding paragraph demands an injunction pursuant to said right to demand an injunction.
- (10) If the Prime Minister designates pursuant to the provisions of para. (1), para. (6) or para. (7), the Prime Minister shall, pursuant to a Cabinet Office Ordinance, give the public notice to that effect and the date of designation, and shall notify the designated qualified consumer organization of the same in writing. The same shall apply to the rescission of said designation pursuant to the provisions of para. (4) or Para. (5).

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

##### **Article 36 (Discipline)**

A qualified consumer organization may not utilize itself for benefit of political party or for political purpose.

##### **Article 37 (Requests for Cooperation of Public Offices.)**

The Prime Minister may contact government agencies, other public entities and other persons and request their cooperation, if the Prime Minister finds it necessary for the purpose of enforcement of this Act.

##### **Article 38 (Statement of Opinions to the Prime Minister)**

The Director-General of the National Police Agency may state his/her opinion to the Prime Minister, with respect to a qualified consumer organization, if the Director-General finds that there is a reasonable ground to suspect that the qualified consumer organization has any of the reasons provided in items (iii), (iv) or (vi) (c) of para. (5) of Article 13 and finds it necessary for the Prime Minister to take proper measures against said qualified consumer organization.

##### **Article 39 (Disclosure of Information Related to Judgments, etc.)**

- (1) If the Prime Minister has been notified of matters prescribed in items (iv) - (ix) and item (xi) of para. (4) of Article 23 from a qualified consumer organization, the Prime Minister shall immediately make public any judgment pertaining to the demand for an injunction (including any ruling or decision having the same effect with a final and binding judgment and any decision on application of a provisional disposition order) or a summary of non-judicial settlement, the name of said qualified consumer organization and the name of the business operator, etc. and other matters prescribed by a Cabinet Office Ordinance, by means of the Internet or other appropriate means, in order to contribute to prevention of and remedy for harm to consumers.
- (2) The Prime Minister may make public the name and the address of a qualified consumer organization, the location of the office where services involved in demand of an injunction are conducted or any other necessary information provided by Cabinet Office Ordinance, in addition to the matters prescribed in the preceding paragraph, by means of the Internet and other appropriate means, in order to provide information pertaining to services involved in demand of an injunction widely to the citizens.
- (3) The Prime Minister may have the Incorporated Administrative Agency, National Consumer Affairs Center of Japan conduct services regarding the publication of information prescribed in the preceding paragraphs (1) and (2).

**Article 40 (Cooperation, etc. with a Qualified Consumer Organization)**

- (1) In response to the request of a qualified consumer organization and pursuant to the provisions of a Cabinet Office Ordinance, Incorporated Administrative Agency National Consumer Affairs Center of Japan and local public entities shall provide the qualified consumer organization with such information related to consumer affairs consultation as provided for by a Cabinet Office Ordinance, to the extent necessary for the qualified consumer organization to properly exercise its right to demand an injunction.
- (2) The qualified consumer organization that has received information prescribed in the preceding paragraph may not use or offer such information for any purpose other than those to properly exercise its right to demand an injunction.

**Section 3 Special Provisions of Court Proceedings, etc.**

**Article 41 (Prior Written Demand)**

- (1) If a qualified consumer organization intends to file a lawsuit pertaining to demand of an injunction, it may not file such a lawsuit unless it demands in writing s the business operator who is to be the defendant of the lawsuit, the suspension , stating the gist of the demand, the summary of the dispute and other

matters provided by Cabinet Office Ordinance, and one week has elapsed after the notice of the demand has been served on the business operator; provided, however, that this shall not apply when said business operator refuses the demand for suspension.

- (2) The demand in the preceding paragraph shall be deemed to have been arrived at the time when the demand should be normally arrived.
- (3) The provision of the preceding two paragraphs shall apply mutatis mutandis to an application of a provisional disposition order pertaining to demand of an injunction.

**Article 42 (Value of the Object of Lawsuit)**

A lawsuit for demand of an injunction shall be deemed to be a lawsuit relating to a claim other than the claim for property rights, for the purpose of calculating the value of the object of lawsuit

**Article 43 (Jurisdiction)**

- (1) The provision of Article 5 of the Code of Civil Procedure (excluding provisions pertaining item (v)) shall not apply to a lawsuit for demand of an injunction.
- (2) A lawsuit for demand of an injunction may also be filed with a court with jurisdiction as to the place where the business operator committed such an act provided for in paragraphs (1) - (4) inclusive of Article 12.

**Article 44 (Transfer)**

When a lawsuit for demand of an injunction has been filed in one court and an identical or similar lawsuit for demand of an injunction is pending in other court, the court may transfer the lawsuit, in whole or in part, in consideration of the address or location of relevant parties, the address of witnesses who are to be examined, similarity of issues or evidences or other circumstances, and if the court finds it reasonable, in response to an application or ex officio, to such other court or other competent court having jurisdiction.

**Article 45 (Consolidation of Oral Arguments, etc.)**

- (1) Several lawsuits for demand of an injunction with the same contents and business operator, etc. being an opposite party are pending concurrently in the same court of the first instance or the same court of second instance, the oral arguments and judgment procedures shall be conducted in consolidation, provided, however, that this shall not apply when it is found that consolidation of oral arguments and judgment procedures of other lawsuit for demand of an injunction is extremely unreasonable in consideration of progress of proceedings or other circumstances.
- (2) In the case prescribed in the main clause of the preceding paragraph, parties shall notify the court of same.

**Article 46** )(Suspension of Court Proceedings)

- (1) In the case where a final and binding judgment, etc., to which another qualified consumer organization is a party, has been already issued pursuant to the main clause of item (ii) of para. (5) of Article 12, with respect to a pending lawsuit for demand of an injunction, and there is a reasonable ground to suspect that said another qualified consumer organization have any of the reasons provided for in item (iv) of the para. (1) of Article 34, with respect to court proceedings, etc. pertaining to said final and binding judgment, etc. (including the case where they may be deemed to have any of the reasons provided for in item (iv) of the para. (1) of Article 34 pursuant to the provision of para. (2) of Article 34), and it is found that considerable period of time may be required to determine the rescission of certification provided in the para. (1) of Article 13 pursuant to the provision of para. (1) of Article 34 or the certification pursuant to the provision of para. (3) of Article 34 (hereinafter referred to as "Rescission of Certification, etc." in the following article), the Prime Minister shall notify the court where the lawsuit for an injunction is pending (hereinafter referred to as "Court in Charge of the Case" in this article) of the same and the period of time expected to be required to determine, pursuant to a Cabinet Office Ordinance.
- (2) When the Prime Minister notifies the court as provided in the preceding paragraph, the Prime Minister shall determine whether or not to rescind the certification within the period relating to the notice, and notify the court in charge of the case of the decision.
- (3) In the case where a court in charge of the case has received the notice prescribed in the provision of para. (1), and it finds necessary, the court may suspend the court proceedings until the period relating to the notice has elapsed (when the notice prescribed in the preceding paragraph has been received before the period relating to the notice has elapsed, until the notice has been received).

**Article 47** (Calculation of Amount of Money for Indirect Compulsion)

In the case of compulsory execution with respect to the right to demand of an injunction by the means provided for in para. (1) of Article 172 of the Civil Execution Act, the executing court shall specifically consider the disadvantages that many unspecified consumers may suffer by failure to perform the obligation, in determining the amount of money that an obligor should pay to an obligee pursuant to para. (1) of Article 172 or para. (2) of the same article.

**Chapter 4** Miscellaneous Provisions

**Article 48** (Exclusion from Application)

This Act shall not apply to labor contracts.

## **Chapter 5 Penal Provisions**

### **Article 49**

- (1) When an officer, employee or Expert Advisor of a qualified consumer organization receives or has a third party receive (including said qualified consumer organization) money or other property benefits, whether it be donation, grant or other remuneration from the opposite person pertaining to the injunction demanded by the qualified consumer organization, in consideration for not exercising or not having exercised the right to demand an injunction, waiving or having waived the right to demand an injunction, entering or having entered into settlement related to the demand of an injunction with a Business Operator, etc. or terminating or having terminated court proceedings or other proceedings pertaining to the demand of an injunction for other reasons, they shall be punished by imprisonment with work for not more than 3 years or by a fine of not more than three million yen (3,000,000 yen).
- (2) The same shall apply to a person who has given money or other benefits prescribed in the preceding paragraph.
- (3) In case of para. (1), the property benefits received by the criminal or third parties who know the circumstances shall be confiscated. When the property benefits, in part or in whole, are unable to be confiscated, then a sum of money equivalent to the benefits value shall be collected.
- (4) The provision regarding the crime prescribed in para. (1) shall also apply to a person who has committed the crime outside of Japan.
- (5) The crime prescribed in para. (2) shall be dealt with in the same manner as provided for in Article 2 of the Penal Code (Act No. 45, 1907).

### **Article 50**

Any person who falls under any of the following items shall be punished by a fine of not more than a million yen (1,000,000 yen).

- (i) Any person who has been certified pursuant to para. (1) of Article 13, has renewed the validity provided in para. (2) of Article 17 or has been certified pursuant to para. (3) of Article 19 or para. (3) of Article 20 by deception or other wrongful means.
- (ii) Any person who has disclosed confidential information known to him/her in the course of providing services involved in demand of an injunction, in violation of the provision of Article 25

### **Article 51**

Any person who falls under any of the following items shall be punished by a fine of not more than 500,000 yen.

- (i) Any person who has submitted a written application provided for in para. (1) of Article 14 (including the case where it is applied mutatis mutandis to para. (6) of Article 17, para. (6) of Article 19 and para. (6) of Article 20), or a document provided for in each item of para. (2) of Article 14 (including the case where it is applied mutatis mutandis to para. (6) of Article 17, para. (6) of Article 19 and para. (6) of Article 20) with false entry.
- (ii) Any person who, in violation of the provisions of para. (3) of Article 16, uses letters and characters that are likely to be mistaken as a qualified consumer organization, and/or exhibits any signs that are likely to be mistaken as a qualified consumer organization with respect to its operation.
- (iii) Any person who has not prepared nor maintained books and documents or who has prepared false books and documents, in violation of the provision of Article 30.
- (iv) Any person who has not reported as prescribed in para. (1) of Article 32, has made a false report, has refused, hindered, or recused the inspection provided in the preceding paragraph, has not answered to questions set forth in the preceding paragraph or has given a false answer.

#### **Article 52**

- (1) When a representative or an administrator of a juridical person (including an association that is not a juridical person which has a representative or an administrator. Hereinafter the same shall apply in this paragraph), or an agent, employee or other workers of a juridical person or an individual violates the provision of the preceding three articles, with regard to the operation of said juridical person or individual, the offender and said juridical person or individual shall be punished by the fine prescribed in the respective article
- (2) In the case where the provision of the preceding paragraph is applied to an association that is not a juridical person, its representative or administrator shall represent the association that is not a juridical person with respect to the procedural act, and the provisions of laws concerning the criminal procedure shall mutatis mutandis apply if a juridical person is an accused or a suspect.

#### **Article 53**

Any person who falls under any of the following items shall be punished by a non-penal fine of not more than 300,000 yen.

- (i) Any person who has not displayed as prescribed in para. (2) of Article 16 or has made a false display.
- (ii) Any person who has not notified as prescribed in Article 18, para. (2) or (7)

of Article 19, para. (2) or (7) of Article 20 or para. (1) of Article 21, or who has made a false notification.

- (iii) Any person who has not notified or reported as prescribed in para. (4) of Article 23 or has made a false notification or report.
- (iv) Any person who has utilized information concerning the damage suffered by a consumer, in violation of the provisions of Article 24.
- (v) Any person who has refused the demand prescribed in Article 26, in violation of the provisions of that article.
- (vi) Any person who, in violation of the provisions of para. (1) of Article 31, has not prepared financial statements, or has not entered or has not recorded on the financial statements what should be entered or recorded, or has made a false entry or record.
- (vii) Any person who has refused, hindered, or recused the inspection pursuant to para. (2) of Article 31, has not explained or has made a false explanation at the inspection pursuant to that paragraph.
- (viii) Any person who has not kept the documents, in violation of the provisions of para. (3) of Article 31
- (ix) Any person who has refused the demand provided for in each item of para. (4) of Article 31, in violation of the provisions of para. (5) of the preceding article except for justifiable grounds.
- (x) Any person who has not submitted a document, or has submitted documents with false entries or records, in violation of the provisions of para. (6) of Article 31
- (xi) Any person who has utilized or offered information for any purpose other than those prescribed in para. (2) of Article 40, in violation of the provisions prescribed in that paragraph

### **Supplemental Provisions**

This Act shall come into effect on April 1st 2001, and apply to consumer contracts concluded thereafter.

### **Supplemental Provisions (Act No. 56 of June 7, 2006)**

(Effective Date)

(1) This Act shall come into effect one year from the date of promulgation.

(Review)

(2) The Government shall review the enforcement status of the revised Consumer Contract Act taking into consideration the actual damages to consumers, the implementation status of the various measures to protect the interests of consumers

and other social and economic changes, and if it is found necessary, the Government shall take the appropriate measures based on the results of its review."