

Enactment of a Law for the Partial Amendment to the Consumer Contract Act, etc,

(Tentative Translation)

April 25, 2008

Japan Fair Trade Commission

Given the growing diversity of products and services available, harm to consumers caused by violations of the Premiums and Representations Act seems to be rapidly increasing. Therefore, to prevent the harm from occurring or increasing, the “Bill for Partial Amendment to Consumer Contract Act, etc.,” which stipulates the introduction of Litigation System for Consumer Organizations to the Premiums and Representations Act etc., was submitted to the Diet on March 4 of this year, and was approved and enacted at the plenary session of the House of Councilors today.

1. Proceedings in the Diet

169th Diet Session

April 9, 2008	House of Representatives	Cabinet Committee	Explanation of Reason for the Proposal
April 11		Cabinet Committee	Questions to Unsworn Testimony, Questions and Voting
April 15		Plenary Session	Voting
April 22, 2008	House of Councilors	Cabinet Committee	Explanation of Reason for the Proposal
April 24		Cabinet Committee	Questions to Unsworn Testimony, Questions and Voting
April 25		Plenary Session	Voting

2. Content of the Revised Law (Parts Related to Japan Fair Trade Commission (Premiums and Representations Act) Only^{Note)})

(1) Partial Amendment to the Consumer Contract Act

a. Cooperation between Government Agencies in Certifying and Supervising Qualified Consumer Organizations

The Prime Minister shall listen to the opinions of the Japan Fair Trade Commission (JFTC) about specific reasons when certifying a Qualified Consumer Organization [Article 15, Section 2]

Also, when JFTC has recognized that an appropriate measure needs to be taken by the Prime Minister against a Qualified Consumer Organization, JFTC may provide such opinions to the Prime Minister [Article 38, Section 1, Paragraph 1].

b. Sharing of Information Concerning Exercise of the Rights to Demand an Injunction

The Prime Minister shall transmit to JFTC details of the exercising of rights by qualified consumer organizations in demanding an injunction, by allowing JFTC to review the same information through electronic means, and by taking other measures [Article 23, Section 5].

(2) Partial Amendment to the Premiums and Representations Act

When an entrepreneur actually makes or is likely to make representations by which the substance of its goods or services are shown to many and unspecified general consumers so they are perceived as being much better than the actual article, or by which the trade terms of its goods or services will be misunderstood by many and unspecified general consumers so they are perceived as being much more favorable to consumers than the actual one, a qualified consumer organization may demand an injunction concerning the activity in question to the entrepreneur [Article 11-2].

(Note: In addition to this, the law includes the introduction of Litigation System for Consumer Organizations to the Specified Commercial Transaction Act).

(3) Enforcement Date

April 1, 2009

Outline of Introduction of Litigation System for Consumer Organization against Violations of Premiums and Representations Act (Misleading Representations)

Current Situation

- ? Representations to consumers in ads etc. are being increasingly complex with growing diversity of products and services.
- ? Harm to consumer rises with rapid increase in number of violations of the Premiums and Representation Act (Misleading Representations).



- ? Similar harm to consumers rapidly spreads to involve many and unspecified consumers.



- ? Enforcement by JFTC only is not enough to prevent the occurrence and spread of harm to consumers.

About violations of Premiums and Representations Act

- ? Individual consumers have little need to continue dealing with any one entrepreneur and so little incentive to resort to legal action individually and ex-post facto.

Consumer organizations

- ? They are expected to act from the viewpoint of consumers by monitoring entrepreneurs' actions in the market etc.
- ? Some organizations voluntarily demand that entrepreneurs who violate the Act improve, with some successes. But the effectiveness of such actions is limited due to the lack of legal basis.

After Introduction of the System

- ? Specific consumer organizations* are given the right to demand an injunction.
- ? Consumer organizations exercise the right to demand an injunction for the benefit of all consumers.
- ? JFTC continues to strictly enforce the law against misleading representations.



By introducing the System,

- ? The spread of similar harm to many consumers will be prevented.
- ? Actions to eliminate misleading representations, based on information accessible to consumers' lives, are expected.
- ? By granting the right to demand an injunction as a civil rule, separated from administrative action, flexible and prompt solutions can be sought in each case.
- ? JFTC's resources can be focused on important cases that require faster action.

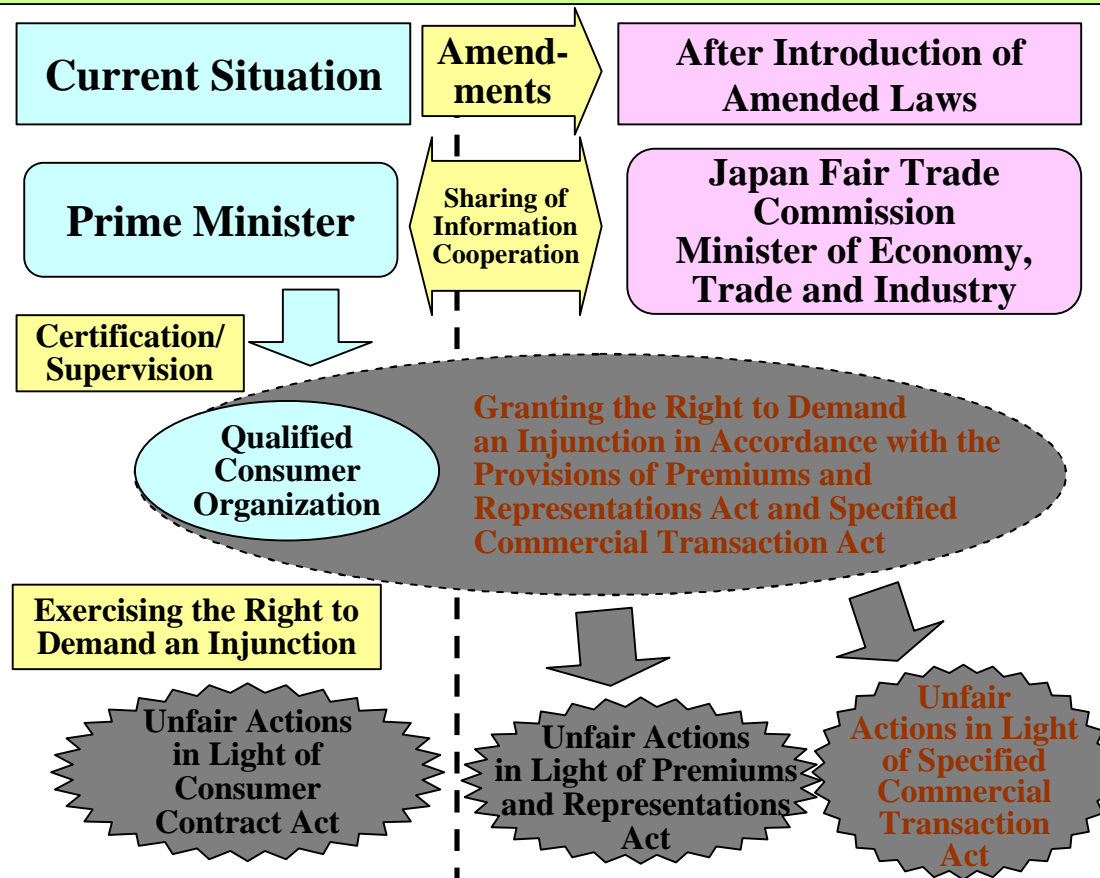
* Consumer organizations to be given the right to demand an injunction

- ? Right to demand an injunction will be given to "Qualified Consumer Organizations" certified by the Cabinet Office under the Consumer Contract Act.
Qualification procedures and legal proceedings to be made consistent.
Introduction of a system that both consumers and entrepreneurs can understand easily.

Introduction of Litigation System for Qualified Consumer Organizations to Demand Injunctions against Actions Stipulated in the Premiums and Representations Act and Specified Commercial Transaction Act, and Partial Amendment to the Consumer Contract Act etc.

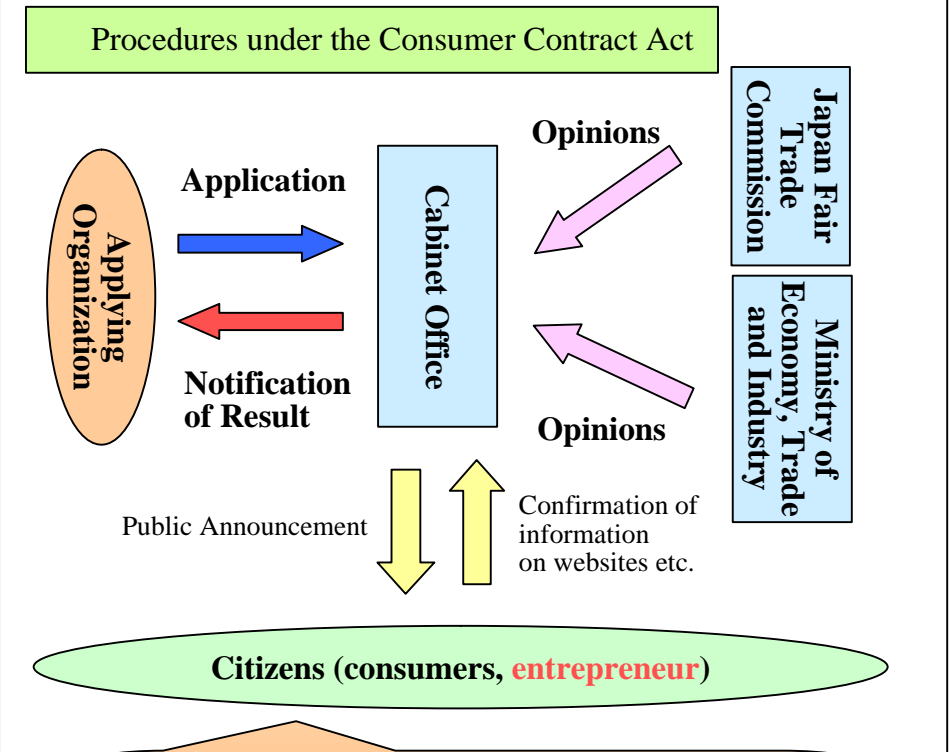
Attachment 2

Expansion of Range of Actions Subject to Injunction Demand



Seek to protect the interests of consumers by granting qualified consumer organizations the right to demand injunctions against unfair actions that mislead consumers, as stipulated in Premiums and Representations Act and Specified Commercial Transaction Act.

Coordination of qualification procedures for qualified consumer organizations



One-stop contact point at the Cabinet Office

Reduced paperwork of applying organizations

Reduced administrative costs

The Cabinet Office can coordinate the way it provides information and responses to inquiries.