

Enforcement Status of the “Act against Unjustifiable Premiums and Misleading Representations” and Promotion of Proper Consumer Transactions (Outline)

October 30, 2007

Japan Fair Trade Commission

1. Enforcement status of the “Act against Unjustifiable Premiums and Misleading Representations” (Premiums and Representations Act)

(1) Enforcement by the Japan Fair Trade Commission (JFTC)

a. Numbers of cases handled

- In the first half of financial year 2007 (April to September 2007) the JFTC handled a total of 261 cases, 22 cases of which were subjected to cease and desist orders and 239 cases were closed with issuance of cautions.
- The JFTC issued a cease and desist order in one case and public warnings in two cases in October 2007, and thus there became 23 cease-and-desist-order cases and two warning cases.
- All the cease and desist orders were issued to cases concerning misleading representations, in particular on benefits of life insurance, content of assorted beef packages, raw materials for clothing, and others. The JFTC enforced the Premiums and Representations Act in light of the needs from the public concerning selection of goods and services.

b. Cease and desist orders

- Misleading representations on content of beef assorted packages 1 case
- Misleading representations on content of private qualification obtainable by taking training courses 1 case
- Misleading representations on country of origin for glass articles 1 case
- Misleading representation on hair-dyeing effect of dyeing materials 4 cases
- Misleading representations on effect of keeping bathrooms, etc. from getting moldy (Application of Article 4, paragraph 2 of the Premiums and Representations Act) 12 cases
- Misleading representations on raw materials for clothing 2 cases
- Misleading representations on durable hours of heating effect of disposable heat pads 1 case
- Misleading representations on benefits of life insurance (October) 1 case

(2) Enforcement by prefectures

- There were a total of six cases where prefectures issued instructions in the first half of FY 2007, based on the provisions of the Premiums and Representations Act.

2. Promotion of proper consumer transactions

(1) Study concerning introduction of a system that allows collective lawsuits into the

Premiums and Representations Act

- Aiming to consider the introduction of a system that allows collective lawsuits, the JFTC held “The Study Group on Collective Lawsuit System” (Chair: Mr. Makoto Kojo, Professor, Faculty of Law, Jochi University) a total of five times in May through June of 2007 and published its report on July 12, 2007.
- The report described that specific consideration should be enhanced to establish a system allowing certain consumer groups to bring collective lawsuits for injunction of misleading representations under the Premiums and Representations Act. The JFTC conducted public comment procedures to solicit opinions from the public on the issues raised by the report in order to promote consideration on items necessary for law amendments. After gathering and sorting out the opinions, the JFTC published its views on major opinions on 16 October 2007.
- In addition, the JFTC gave consideration to the recommendation of the report and to the opinions from the public, and presented its policy in “Prospective Amendments of the Antimonopoly Act” (published on 16 October 2007) as “Introduction of surcharge imposed on those entrepreneurs that engage in particular types of misleading representations.”

(2) Establishment of Fair Competition Code, etc.

In April 2007, the JFTC approved a new fair competition code named “Fair Competition Code on Representations of Soy Sauce”. (The followings were prescribed in the code.)

- Items necessary to be presented (name, name of material, volume of content, date of minimum durability (best before), name of enterprises, etc.)
 - Standard for the representation of specific items (products from a specific place of origin, indication that organic agricultural products were used for raw materials, etc.)
 - Standard for using specific terms (“ripened over a long period”, “hand-made”, “Maru Daizu (Soybeans)”, “Additive-free”, etc.)
 - Items found to be misleading representation
- As of the end of September, 2007, the total number of Codes is 105. (38 for premiums and 67 for representations)

(3) Cooperation with Foreign Countries

- The JFTC is in tandem with foreign authorities through, for example, participating in the International Internet Sweep conducted under the initiative of the ICPEN (International Consumer Protection and Enforcement Network), which comprises consumer protection authorities, etc. mainly of OECD member countries.
- In the first half of FY 2007, the JFTC participated in the International Internet Sweep, which was implemented in September, 2007, under the theme of “Who can you trust?” The JFTC received a total of 339 reports (320 websites of 252 entrepreneurs) from e-Commerce

researchers, who were commissioned by the JFTC.

(4) Advocating and education of the Premiums and Representations Act, and exchange of opinions with consumer associations

- From the perspective of promoting advocacy and education of the Premiums and Representations Act and of preventing any violation of the Act, the JFTC has dispatched its officials as a lecturer to training courses of the Premiums and Representations Act, etc. hosted by business associations, consumer associations, or local municipalities. In the first half of FY 2007, the JFTC dispatched its officials a total of 51 times.
- In addition, the JFTC has held meetings with consumer associations throughout Japan, where it explained the status of the JFTC's activities and exchanged views with them. Such activities have contributed to realizing proper policy implementation of the JFTC. In the first half of FY 2007, the JFTC held meetings 11 times with local consumer associations throughout Japan and 4 times with nation wide consumer associations (in three of the four, the JFTC met with each of three such associations separately).