

## JFTC Issued a Caution to Logic Inc.

December 20, 2023

The Japan Fair Trade Commission (hereinafter referred to as “JFTC”) today issued a caution to Logic Inc. (hereinafter referred to as “Logic”). In this case, Logic's conduct may lead to violation of Article 19 of the Antimonopoly Act (Paragraph 14 (Interference with a Competitor’s Transactions) of Designation of Unfair Trade Practices).

Logic is a manufacturer and distributor of long-term care records software. Company A is a manufacturer and distributor of both long-term care records software and long-term care insurance billing software. Company B is a long-term care service provider.

When claiming long-term care fees, a long-term care service provider needs information about the performance of long-term care insurance services. Through the system linkage between long-term care insurance billing software and long-term care records software, the provider can incorporate the information recorded in the latter software into the former one and use it to claim long-term care fees.

Company B decided to introduce Logic's long-term care records software. Also, Company B made a decision to introduce Company A's long-term care insurance billing software on the premise of linking it to the Logic’s software. In the negotiations over the system linkage, Logic proposed conditions that could be taken as a restriction on the sale of Company A's long-term care records software. The negotiations between two companies failed to reach an agreement, and the system linkage was not realized.

When a manufacturer and distributor of both long-term care insurance billing software and long-term care records software sells the former software to a long-term care service provider that has already introduced long-term care records software from another manufacturer and distributor and is considering introducing long-term care insurance billing software expected to be linked to the existing long-term care records software, the former manufacturer and distributor would request the latter one to link the former’s system to the latter’s one. In this case, if the latter manufacturer and distributor allows the system linkage with conditions that may restrain the former manufacturer and distributor from selling its own long-term care records software, it may affect fair and free competition in the sale of long-term care records software.

From this perspective, JFTC issued a caution to Logic that the conduct described above may lead to a violation of Article 19 of the Antimonopoly Act (Paragraph 14 (Interference with a Competitor’s Transactions) of Designation of Unfair Trade Practices).

\* It should be noted that this announcement is a tentative translation. Please refer to the original text written in Japanese for more details.