

## Class Actions in Japan

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The new Japanese class action law passed the Diet and was promulgated on December 11, 2013. A Cabinet Order will decide when the law comes into force. This has to be within a period not exceeding three years from the promulgation date (i.e., December 2016).

The class action procedure is a special measure in the existing Code of Civil Procedure.

The scope of the law is limited to the following claims that are all consumer related under the Consumer Contract Act:

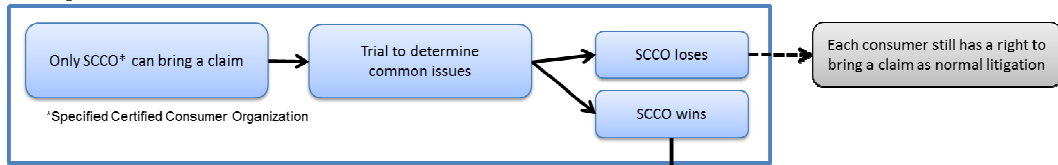
- i. for the performance of obligations of a consumer contract;
- ii. for the return of unjust enrichment relating to a consumer contract;
- iii. for compensation of damages from failure to perform under a consumer contract;
- iv. for compensation of damages based on defect liability under a consumer contract;
- v. for compensation of damages resulting from a tort (provided in the Civil Code, not in special laws) relating to a consumer contract

Only Specified Certified Consumer Organizations (SCCO) have standing. The prime minister certifies these organizations. A lawyer must be a member of the board of directors and the certification is valid for three years.

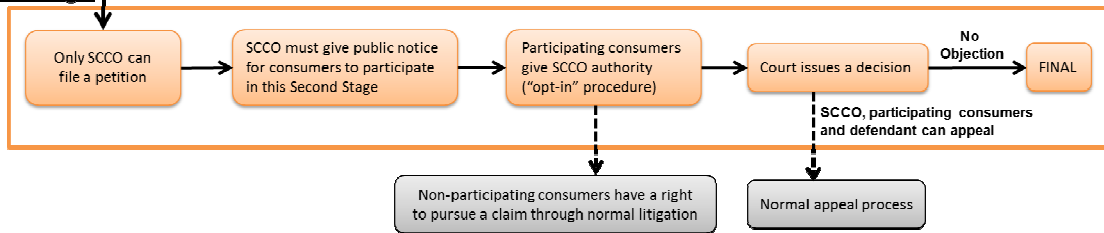
Regarding the possible remedies, only monetary compensation is possible.

The new class action procedure consists of two stages. There is an opt-in procedure at the second stage.

**1<sup>st</sup> Stage**



**2<sup>nd</sup> Stage**



The applicable rules on funding and financing still have to be determined. During the legislative process the Consumer Affairs Agency suggested that SCCO should pay the court costs, including the lawyer's fees for the class.