

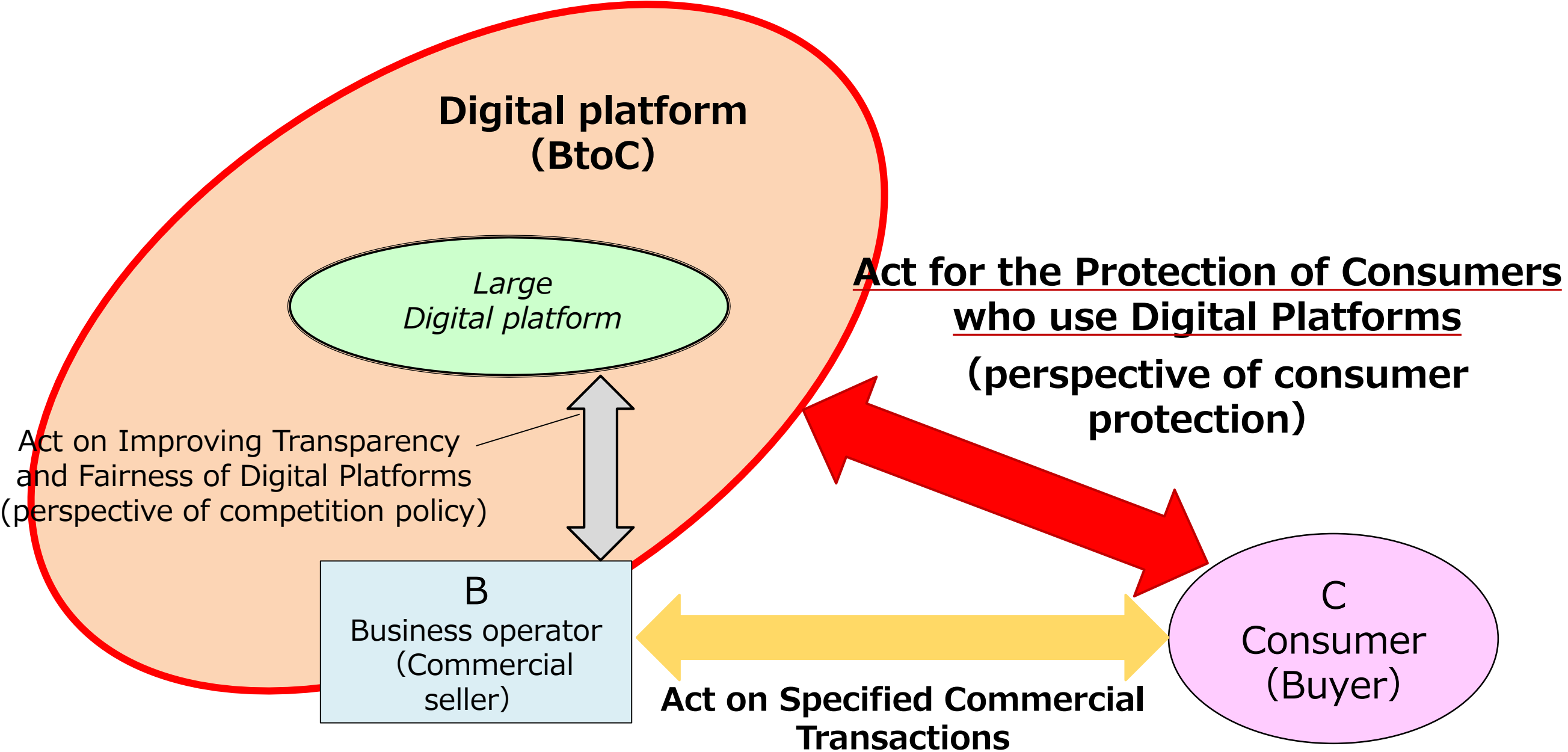
Consumer Protection Acts related to Digitalizing Transaction in Japan

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Consumer transactions involving digital platform companies (image)



Act for the Protection of Consumers who use Digital Platforms (Outline)

Problems such as the distribution of unsafe products , etc , and difficulty in identifying sellers in resolving disputes exist on “digital platforms” such as online marketplaces. In response to this, a new Act was prepared to protect consumer interests.

Content of the New Act

(April 28th,2021 Enactment/May 10th ,2021 Proclamation/May 1st,2022 Enforcement)

(1) Obligations of Digital Platform Providers (Article 3)

- In order to contribute to the optimization of mail-order transactions (Business to Customer transactions) conducted using digital platform and the promotion of dispute resolution, digital platform providers are obligated to make efforts to implement and disclose an outline of the following measures listed in ① to ③ below (and the Prime Minister draws up guidelines for specific content)
 - ① Measures that enable smooth communication between sellers and consumers
 - ② Implementation of investigations, etc. as necessary of complaints regarding the presentation of sales conditions, etc.
 - ③ Requesting sellers to provide Information on their Identify as necessary

(2) Suspension of Listing Products (Article 4)

The Prime Minister requests that digital platform providers remove listings, etc. of unsafe products (*1)when the seller cannot be specified, etc

* Exemption of digital platform provider liability for damages to sellers caused in response to requests

(*1)Products , etc. that have particularly false or misleading information on important particulars on their labelling (those regarding product safety ,etc.)

(3) Right to Request Disclosure of Information on Distributors (Article 5)

- Establishes the right to request the disclosure of seller Information as necessary when consumers make a claim for damage, etc.

* Not applicable if the amount of damages claimed for is less than a certain amount of the claim has been brought for an unjustifiable purpose

(4) Public-Private Council (Articles 6-9) /Reporting System (Article 10)

- A public-private council consisting of national government agencies, groups consisting of digital platform providers, consumer groups, etc. will be organized to discuss matters that each entity is responsible for handling, such as dealing with malicious sellers.
- Establishing of a reporting system in which consumers, etc. can report the risk of damage to consumers and request that the Prime Minister (Consumer Affairs Agency) takes appropriate measures in response to this.

*The review is to be made in the 3rd year of enforcement of this Act in light of the status of its enforcement and changes to economic and social conditions

Content of major amendments to the Act on Specified Commercial Transactions concerning “Fraudulent Subscription-Based Business Practices”

Point 1

Direct punishment for indication services as not being subscription-based

Point 2

Addition of the items obligatory to be indicated in mail order advertisements as follows:

- (1) the period for the offer of contract and its contents (if applicable)
- (2) information about the cancellation of the contract to provide services in exchange for payment

Point 3

Prohibition of obstructing the cancellation of mail order sales

Point 4

Establishment of a system that allows the cancellation of applications made based on the above (Point 1) indication

Point 5

Addition of indication (Point 1) and obstruction (Point 3) as above to requests for injunctions by Qualified Consumer Organizations