

# PANORAMIC **CLASS ACTIONS**

Japan



LEXOLOGY

# Class Actions

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**Generated on: November 19, 2025**

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## OVERVIEW

### Court system

Outline the organisation of your court system as it relates to collective or representative actions (class actions). In which courts may class actions be brought?

Japan has no statutory class action legislation; however, Japanese law permits lawsuits filed by multiple plaintiffs. In addition, there exist special acts that permit particular organisations to represent the interests of consumers by bringing a claim as a plaintiff. Herein, we explain in detail the distinction between litigation conducted by a qualified consumer organisation (QCO) and court proceedings carried out by a specified qualified consumer organisation (SQCO), which are special litigation proceedings created to protect consumer interests that may be filed with any district court that has proper jurisdiction.

Lawsuits filed by multiple plaintiffs

When the number of victims who can be co-litigants is considerable, lawyers sometimes organise a team to search for all potential plaintiffs. In these cases, no special act is applied and the filing and procedures are handled under [the Code of Civil Procedure \(Act No. 109 of 1996\)](#).

Litigation carried out by particular organisations

Qualified consumer organisation actions

There is a system under which QCOs may demand an injunction against certain unjust acts of business operators (QCO action). QCOs may, in the interest of multiple unspecified consumers, demand that business operators cease or prevent certain acts or take necessary measures to cease or prevent such acts (collectively, injunction, etc). The subject of a QCO action is limited to certain acts stipulated in specific consumer laws (article 12 of [the Consumer Contract Act \(Act No. 61 of 2000\)](#), article 30 of [the Act against Unjustifiable Premiums and Misleading Representations \(Act No. 134 of 1962\)](#), articles 58-18 to 58-24 of [the Act on Specified Commercial Transactions \(Act No. 57 of 1976\)](#) and article 11 of [the Food Labelling Act \(Act No. 70 of 2013\)](#)). There were 26 certified QCOs as of September 2025.

Specified qualified consumer organisation actions

Based on [the Act on Special Measures Concerning Civil Court Proceedings for the Collective Redress for Property Damage Incurred by Consumers \(Act No. 96 of 2013\)](#) (the Special Act), which was enacted in 2013 and came into effect in 2016, SQCOs may file for 'court proceedings for redress for damage' (SQCO action) in certain cases where property damage, etc (property damage and damage due to mental suffering) has been incurred by a considerable number of consumers in relation to consumer contracts. There were four certified SQCOs as of September 2025.

The Special Act was amended in June 2022, and such amendment came into force from 1 October 2023. Unless otherwise noted, article numbers refer to the articles of the amended Special Act.

An SQCO action involves the procedures outlined below.

First stage – litigation seeking a declaratory judgment on common obligations

In the case of ‘litigation seeking declaratory judgment on common obligations’ (CO litigation) (article 3 of the Special Act), the court is tasked with confirming whether the defendant business operator owes any monetary obligation to a considerable number of consumers based on existing facts and legal causes common to those consumers (common obligation). At this stage, the consumers have yet to be specifically identified and may not intervene.

Second stage – procedures to determine the target claims

In the procedures to determine the target claims pertaining to the confirmed obligations (target claims) and settlement claims regarding disputes of target claims (settlement claims) (together with target claims, collectively, target claims, etc), the court confirms whether or not any monetary obligations are owed by the business operator and the amount of damages in relation to each consumer.

- Simple determination proceedings: within four months of the judgment in CO litigation becoming final and binding, the SQCO must file a petition for the commencement of ‘simple determination proceedings’ (articles 15 and 16 of the Special Act). The period for filing simple determination proceedings may be extended by two months, and up to eight months, if the court deems it necessary, in response to a petition by a SQCO (article 16(2) of the Special Act). If a court issues an ‘order of commencement of simple determination proceedings’, the SQCO carries out the proceedings (articles 20 and 34 of the Special Act). (Hereinafter, consumers who hold target claims (target consumers) and consumers who hold settlement claims (settlement target consumers) (collectively referred to as target consumers, etc), and who participate in the simple determination proceedings are referred to as delegating consumers.) The purpose of such proceedings is to speedily determine the substance of the target claims, etc; thus, these proceedings are primarily for the purpose of the SQCO filing proofs regarding the target claims, etc, brought by the target consumers, etc, and, in turn, to obligate business operators to address such claims (article 33 of the Special Act). If the SQCO and business operator do not dispute the substance of the target claims, etc, the target claims, etc, are deemed to be legitimate (articles 45(3) and 50(1) of the Special Act). If the SQCO and business operator dispute the existence or amount of target claims, etc, the court conducts a hearing with both parties and issues a ‘simple determination order’ (articles 47(1) and (2) of the Special Act). In the simple determination proceedings, evidence is limited to documentary evidence. Other measures, such as the examination of witnesses, are not allowed (article 48(1) of the Special Act).
- Litigation after objection: the SQCO and the business operator may object and request the commencement of ordinary litigation (litigation after objection). In addition, delegating consumers, who are not parties to the simple determination proceedings, may object and initiate litigation after objection (articles 49(1) and (2)

of the Special Act), through which the target claims, etc, are determined. Under the revised Special Act, during proceedings of litigation after objection, the litigation may not be withdrawn without the consent of the opposite party (article 60 of the Special Act).

#### Provisional seizure procedures

SQCOs, without being delegated by any target consumers, may file a petition for an order for a provisional seizure regarding the target claims before filing for an SQCO action (article 61(1) of the Special Act). The procedures for a provisional seizure are generally based on [the Civil Provisional Remedies Act \(Act No.91 of 1989\)](#).

**Law stated - 9 10 2025**

### Frequency of class actions

**How common are class actions in your jurisdiction? What has been the recent attitude of lawmakers and the judiciary to class actions?**

If the plaintiffs initiate normal lawsuits, in general, the plaintiffs are obliged to bear a considerable financial and mental burden in relation to time-consuming preparations. Moreover, regarding financial resources and information, the disparity between consumers and business operators makes it difficult for consumers to file and carry out an action. Therefore, the number of collective actions in Japan is small compared with that of class actions in the United States.

Considering this situation, the Japanese Diet established systems that make it possible for QCOs and SQCOs to file certain actions in the interest of multiple unspecified consumers. Specifically, a QCO can bring a claim, and, in the case of prevailing and obtaining an injunction, consumers receive the benefits thereof even if they did not participate therein. Regarding an SQCO action, it is not very challenging for consumers to join because they can decide whether to take part in the second stage after the common obligations of the business operator have been confirmed. Nevertheless, there have been few precedents regarding QCO and SQCO actions up to now. According to the Consumer Affairs Agency, as of August 2023, QCO actions have been filed against only 950 business operators since the introduction of QCO actions in June 2007. In addition, since October 2016 (when the Special Act took effect) to September 2025, SQCO actions were filed against only 11 business operators.

It is our belief that the judiciary is receptive to the concept of class action lawsuits.

Even though seven years or more have elapsed since the enforcement of the Special Act, the SQCO action has not gained much traction and the number of SQCO action cases remains extremely small. Taking into account such circumstances, the Special Act was revised in June 2022 and the amendments came into force on 1 October 2023.

**Law stated - 9 10 2025**

### Legal basis



## What is the legal basis for class actions? Is it derived from statute or case law?

QCO and SQCO actions are given legal standing through statutes.

Law stated - 9 10 2025

### Types of claims

#### What types of claims may be filed as class actions?

QCO actions

Claim limitations

QCOs may file a petition only for an injunction, etc, against the unjust acts of business operators listed under the relevant Acts. For instance, under the relevant Acts, acts of business operators that constitute unjust solicitation, entering into contracts that include clauses that are considered to be unreasonable, and providing representations that are considered to be false or exaggerated, may be subject to a QCO action.

Scope of business operators

In principle, a business operator, a trustee of the business operator, or an agent of either of the foregoing, who has been engaging in or is likely to engage in any of the acts specified in the relevant Acts may be named as the defendant in a QCO action (article 12(1) of the Consumer Contract Act).

SQCO actions

Claim limitations

First, the claims that may be brought in an SQCO action are limited to those concerning consumer contracts (article 2(iii) of the Consumer Contract Act and article 3(1) of the Special Act). Therefore, for instance, SQCOs may not bring a claim for damages against the issuers of an annual securities report based on false information because there is generally no direct contract between the issuers and consumers.

In addition, SQCOs are only permitted to bring monetary claims (article 3(1) of the Special Act). This means that SQCOs do not have the right to bring a claim for other relief, such as the recall, replacement or repair of defective products.

Moreover, the claims that may be brought are limited to those that fall under the categories listed below (article 3(1) of the Special Act):

- a claim for the performance of a contractual obligation;
- a claim pertaining to unjust enrichment;

- a claim for damages based on the non-performance of a contractual obligation;
- a claim for damages based on a tort under [the Civil Code \(Act No. 89 of 1896\)](#); (excluding the following category); and
- a claim for damages caused by employees with respect to the execution of the business (this category was newly introduced by the revised Special Act).

As outlined in the fourth bullet point above, with respect to tort damages, SQCOs may only bring a claim for damages arising from tort under the provisions of the Civil Code; thus, a claim for damages under special acts such as the Product Liability Act may not be brought in an SQCO action.

In addition, secondary losses, loss of profit and damages owing to harm done to the life or body of a person are excluded from the third and fourth bullet points above (article 3(2) of the Special Act). Furthermore, under the pre-amendment Special Act, SQCOs could not bring a claim for consolation money based on the leakage of personal information.

As a result of the revision of the Special Act, damage due to mental suffering (consolation money) that the pre-amendment Special Act excluded from the scope of claims may fall within the scope of claims when major facts that serve as the basis for calculating damages are common to a considerable number of consumers, and in conjunction with the foregoing, when either:

- such a claim for consolation money is made together with a claim for property damage; or
- the relevant harm is caused intentionally (article 3(2)(vi) of the Special Act).

#### Scope of business operators

Under the pre-amendment Special Act, the defendant must have been a business operator (including sole proprietorships) and individuals other than sole proprietorships may not be the defendant. However, as a result of the revision of the Special Act, in the cases where the following requirements are met, individuals who hold the position of business supervisor or employee may be considered as the defendant exceptionally (article 3(1)(v) and 3(3)(iii) of the Special Act):

- a business operator's employee inflicts damage on a third party with respect to the business;
- the business operator fails to exercise reasonable care in appointing the employee or supervising the business due to intentional or gross negligence; and
- the business supervisor (the person that supervises the business on behalf of the employer) fails to exercise reasonable care in appointing the employee or supervising the business due to intentional or gross negligence or the employee inflicts damage on the third party due to intentional or gross negligence

In principle, regarding a consumer contract, the business operator that is party thereto is the defendant in an SQCO action (article 3(3) of the Special Act). For example, if products sold by retailers turn out to be defective, SQCOs may not sue the manufacturer of the products, but may sue the retailers who directly sold the products to consumers.

Even if the manufacturer may not be sued by SQCOs, the retailers can bring a claim against the manufacturer for reimbursement if an SQCO files an action against the retailers based on a warranty against defects and the retailers pay damages to consumers. Therefore, if an SQCO action is filed, the manufacturer should consider filing an application to intervene and argue the non-existence of any defect.

Transitional limitations (article 2 of the Supplementary Provisions of the Special Act)

SQCOs may not make a claim concerning consumer contracts that were entered into (or torts where the wrongful acts were committed) before the Special Act took effect (ie, 1 October 2016).

**Law stated - 9 10 2025**

## Relief

### What relief may be sought in class proceedings?

Plaintiffs may seek various types of relief in normal lawsuits; however, QCOs may seek only an Injunction, etc, and SQCOs may seek only monetary payment. Nevertheless, it is possible for QCOs and SQCOs to seek other types of relief by settling with the business operator in a QCO action or an SQCO action.

**Law stated - 9 10 2025**

## Initiating a class action and timing

How is a class action initiated? What is the limitation period for bringing a class action? Can the time limit for bringing a class action be paused? How long do class actions typically take from filing to a final decision?

Special requirements before filing a complaint

QCOs must, in advance, issue a prospective defendant in a QCO action by way of a written demand for an injunction, etc, and, in principle, may not bring a QCO action until one week after this written demand has been received (article 41(1) of the Consumer Contract Act).

With regard to SQCO actions, there are no special requirements to be fulfilled prior to the filing.

Statute of limitations

With respect to a QCO action, no statute of limitations exists.

With respect to an SQCO action, there is no specific statute of limitations other than the general rules of the Japanese Civil Code, which prescribe that a claim shall be extinguished if not exercised within three years of the time that the obligee comes to know that the claim is exercisable or within 10 years of the time that the claim is exercisable (article 166(1) of the Civil Code). In addition, there is a longer statute of limitations for a claim for damages

arising from harm to one's life or person. Namely, a claim involving a breach of a contract is extinguished if not exercised within five years from the time that the obligee comes to know that the claim is exercisable or within 20 years from the time that the claim is exercisable, and a claim involving a tortious act is extinguished if not exercised within five years from the time that the victim comes to know of the damages and the identity of the perpetrator or within 20 years from the time of the tortious act (articles 167, 724 and 724-2 of the Civil Code).

The statute of limitations shall be tolled without filing a lawsuit for a certain period of time upon the demand by an obligee for the fulfilment of an obligation or acknowledgement of obligation by the obligor, upon reaching an agreement to negotiate a claim, and in other specific circumstances (articles 147-152 of the Civil Code). However, SQCOs are not entitled to toll the statute of limitations as target claims, etc, that substantially belong to target consumers, etc. Therefore, there are no means to toll the statute of limitations for all potential target consumers. On the other hand, under the Special Act, when the filing of proofs of target claims, etc, has been made by SQCOs in simple determination proceedings, a demand by litigation is deemed to have been made when the lawsuit pertaining to the CO litigation has been filed, and the statute of limitations is tolled (article 41 of the Special Act). In addition, the revised Special Act also permits the statute of limitations to be tolled in cases where the CO litigation is terminated based on withdrawal or dismissal without prejudice, or in cases where an SQCO does not file for a simple determination proceeding, and in conjunction with the foregoing, if the target consumers individually file a lawsuit within six months thereafter (article 68 of the Special Act).

#### Timing of final decision

The length of time until a final decision is entered varies greatly from case to case. First instance courts shall aim (but are not bound) to render a decision in less than two years from the filing of the lawsuit (article 2(1) of [the Act on the Expediting of Trials \(Act No. 107 of 2003\)](#)). According to the statistics published by the Supreme Court in 2024, for civil lawsuits, the average period of time until a final decision (other than a default judgment) is rendered in the first instance is 14 months; however, 8.9 per cent of civil lawsuits take more than two years until their conclusion (including cases where a settlement is reached).

Additionally, according to the report published by the Supreme Court in 2023, it takes an additional six and a half months on average for appeals. Moreover, if a party appeals to the Supreme Court, additional time would be necessary. Although the average time for the Supreme Court to render a decision is between three and four months, if the Supreme Court finds it necessary to examine the case substantively, it would take longer.

**Law stated - 9 10 2025**

## CLASS FORMATION

### Standing

#### What are the standing requirements for a class action?

Only qualified consumer organisations (QCOs) may file a QCO action.

In a specified qualified consumer organisation (SQCO) action, only SQCOs may carry out the litigation seeking declaratory judgment on common obligations (CO litigation), and the simple determination proceedings (articles 3(1), 13 and 93(1) and (2) of the Act on Special Measures Concerning Civil Court Proceedings for the Collective Redress for Property Damage Incurred by Consumers (the Special Act)). Moreover, consumers may not intervene in the CO litigation (article 8 of the Special Act). On the other hand, after an objection to a simple determination order is filed, not only an SQCO but also the delegating consumers themselves may carry out the litigation after objection as a party (articles 56(1) and 57 of the Special Act).

**Law stated - 9 10 2025**

## Participation

**Do members of a class have to opt in or opt out of the action? Are class members notified that an action has been commenced on their behalf and, if so, how?**

QCO actions

Participation of consumers

Consumers are not required to opt in or opt out of a QCO action. Since QCO actions intend to seek an injunction, etc, to prevent harm to consumers from future acts of a business operator, the parties to a QCO action are the QCO and the defendant (eg, a business operator); therefore, consumers are not required to take part in QCO actions.

SQCO actions

Participation of consumers

The system for SQCO actions adopts an opt-in process. Specifically, the first stage (CO litigation) is conducted by an SQCO as the main party to the proceedings, so consumers can neither opt in nor opt out. On the other hand, in the second stage (simple determination proceedings), it is necessary for target consumers, etc to delegate powers regarding the filing of proofs of claims and carrying out simple determination proceedings to an SQCO in order to receive monetary payment through the SQCO action (article 34(1) of the Special Act).

Notice and announcement regarding an SQCO action

When simple determination proceedings commence, the following information is announced or notified to target consumers, etc, to invite them to participate in the proceedings.

Notice and announcement by the court

When the court issues an order of commencement of simple determination proceedings, the court immediately provides public notice of the fundamental matters by publishing them in a specific Official Gazette (kanpo) (article 23 of the Special Act).

#### Notice and announcement by the SQCO

Under the pre-amendment Special Act, the SQCO must have notified the known target consumers individually of the fundamental matters concerning simple determination proceedings, the outline of the case, the content of the final and binding judgment in the CO litigation, the extent of the target claims and target consumers, and other matters in writing or by electronic means. In addition, the SQCO must have given public notice of the matters above by a reasonable method, such as posting an announcement on its website. However, under the revised Special Act, in order to alleviate the burden on SQCOs with regard to giving such notice, an SQCO is not obliged to repeatedly notify target consumers, etc, whom the business operator has already notified in response to the request by the SQCO (article 27(1) of the Special Act). Additionally, while an SQCO is continuously obliged to give public notice under the revised Special Act (article 26(1) of the Special Act), an SQCO is allowed to omit certain matters that the SQCO must ordinarily notify the known target consumers of in the notice if such SQCO gives public notice (article 27(2) of the Special Act).

When the SQCO requests a business operator to disclose documents (including electronic records) containing the name and addresses or contacts of target consumers, etc, during the period for filing proofs of claims, the business operator may not refuse to disclose them unless an unreasonable amount of expenses or time would be required for the business operator to specify the scope of the documents to be disclosed (article 31(1) of the Special Act). Under the pre-amendment Special Act, there were no measures to be taken if a business operator did not possess information on target consumers at the time the business operator was requested to disclose the information in the simple determination proceedings due to the fact that the business operator had destroyed such information, etc. However, under the revised Special Act, in order to ensure the effectiveness of information disclosure, a system to preserve the information of target consumers possessed by business operators at the stage prior to the completion of the CO litigation will be introduced. In the CO litigation, the court may order business operators to disclose documents containing the names and addresses of target consumers, etc, at the request of SQCOs (article 9 of the Special Act).

The SQCO may file with the court a petition for an 'order to disclose information' to have the business operator perform the obligation and to have the court issue an order to disclose information, unless the court finds that the case falls under the exception above (article 32(1) and (3) of the Special Act). An order to disclose information is different from an order to submit documents under the Code of Civil Procedure and it is not prevented from being issued by the fact that the documents fall under the categories in article 220(iv) of the Code of Civil Procedure. Additionally, the business operator may not refuse to disclose documents for the reason that the information is related to the personal information of the target consumers.

#### Notice and publication by a business operator

Under the pre-amendment Special Act, when requested by an SQCO, a business operator must have published the matters announced by the court in the Official Gazette in a manner

readily recognised by the public. However, due to the revision of the Special Act, in addition to the publication that is required of business operators (article 29 of the Special Act), business operators are also obliged to notify the known target consumers, etc, of the details of the case and the SQCO's name, etc, when requested by the SQCO (article 28 of the Special Act). Additionally, when an SQCO makes inquiries to a business operator, the business operator is obliged to respond to the SQCO with regard to information such as the prospective number of target consumers, etc (article 30 of the Special Act).

**Law stated - 9 10 2025**

## **Certification requirements**

### **What are the requirements for a case to be filed as a class action?**

Regarding an SQCO action, for a case to be filed as CO litigation, the following requirements must be met.

#### Multiplicity

An SQCO action must be related to damage suffered by a considerable number of consumers (article 2(iv) of the Special Act). In a case where there are likely to be several victims (ie, more than a dozen), it is considered that the case satisfies this requirement.

#### Commonality

An SQCO action must be based on facts and legal causes common to a considerable number of consumers (article 2(iv) of the Special Act). It is considered that if an essential part of the facts and fundamental legal causes are common, this requirement is satisfied, and it is not necessary for the causation and damage suffered by each consumer to be common.

#### Predominance

If it is likely that the court would be required to substantively examine each target consumer in simple determination proceedings to determine matters such as the damage or loss suffered by each target consumer and causation, the court will dismiss the CO litigation for the reason that the requirement regarding predominance is not satisfied (article 3(4) of the Special Act). The following cases are not considered to satisfy this requirement:

- where it is difficult to determine whether the product purchased by each consumer is defective even though the malfunction of a certain product has been confirmed in the CO litigation to be the result of a defect; and
- where an insurance company refuses to pay insurance money regarding non-life insurance and it is difficult to determine whether the insured event occurred.

**Law stated - 9 10 2025**

## **Certification requirements**

### **How does a court determine whether the case qualifies for a class action?**

There is no special procedure for determining whether the requirements for QCO and SQCO actions are satisfied and the court may make such inquiry at any time at its discretion under the Code of Civil Procedure.

**Law stated - 9 10 2025**

## **Certification mechanism**

How does a court determine whether the case qualifies for a class action? (For example, does the proponent need to file a motion? Is there a hearing? Does the court issue a written opinion? What is the timing for the determination? What are the evidentiary requirements? What is the burden of proof?)

Not applicable.

**Law stated - 9 10 2025**

## **Use of sub-classes**

What is the practice of using sub-classes? When do they become necessary? How do courts address counsel representation and potential conflicts among sub-classes?

There is no practice of using sub-classes in either QCO actions or SQCO actions in Japan.

**Law stated - 9 10 2025**

## **Consolidation**

Is there a process for consolidating multiple class action filings? (If so, describe the procedure. Are there any mechanisms or resources such as databases that allow plaintiffs and courts to find out about competing actions in other fora and to decide which should progress?)

In an SQCO action, when multiple CO litigation cases, the subject matter and defendants of which are common, are pending simultaneously, the oral arguments and judicial decisions in such litigation cases must be consolidated (article 7(1) of the Special Act). On the other hand, when multiple CO litigation cases, which are based on the same kind of facts and statutory cause, are pending simultaneously, the court may consolidate the actions at its discretion (article 152(1) of the Code of Civil Procedure). An SQCO may not file multiple petitions for the commencement of simple determination proceedings (article 24 of the Special Act); thus, there is never more than one proceeding for a particular matter. In a QCO action, there are similar procedures regarding the case where multiple actions for injunction, the defendants and subject matter of which are common, are pending simultaneously. However, the court



may decide not to consolidate the actions upon considering the progress of the proceedings or other circumstances (articles 44 and 45 of the Consumer Contract Act).

Law stated - 9 10 2025

## PROCEDURE

### Discovery

#### How does discovery work in class actions?

In Japan, there is no discovery rule similar to that of the United States. Under Japanese law, there are some systems that may be used by parties for collecting evidence, such as a petition for an 'order to submit documents' and making an enquiry through the bar association. However, the scope of evidence that the parties can request to be disclosed is very limited compared to discovery in the United States.

Qualified consumer organisations (QCOs) and specified qualified consumer organisations (SQCOs) may use the system above to collect evidence for QCO and SQCO actions. However, as an exception, the court may not issue an order to submit documents in simple determination proceedings (article 48(2) of the Act on Special Measures Concerning Civil Court Proceedings for the Collective Redress for Property Damage Incurred by Consumers (the Special Act)).

Law stated - 9 10 2025

### Privilege and confidentiality

#### What rules and standards govern non-disclosure of documents on the grounds of professional privilege, litigation privilege or other confidentiality considerations?

There is no attorney-client privilege in Japan. However, the scope of documents subject to disclosure is fairly limited and certain kinds of documents, such as documents relevant to the business secrets of the business operator or those prepared exclusively for the internal use of their holder, are exempted from disclosure obligations (articles 220(iv)(c) and (d) of the Code of Civil Procedure).

In relation to confidentiality, under the pre-amendment Special Act, anyone could make a request to inspect records of simple determination proceedings, as is the case with ordinary civil litigation. However, due to the fear that information of target consumers, etc, can be accessed by others, the revised Special Act allows only parties and third parties who display a *prima facie* interest in the case to inspect records (article 54 of the Special Act).

Law stated - 9 10 2025

### Testimony

#### What rules apply to submission of factual and expert witness testimony? In what circumstances will the court order witness-examination?

In general, written statements and expert opinions are submitted to the court in the course of exchanging arguments, and the timing of submission is not restricted by law. If a party submits them much later than expected, the court may reject the submission (article 157(1) of the Code of Civil Procedure); however, in practice, this rarely happens. Thereafter, upon the parties' request, the court will order witness examinations only if the court finds them necessary.

Law stated - 9 10 2025

## DEFENCE

### Defence strategy

#### What mechanisms and strategies are available to class action defendants?

It is essential for business operators to consider reputational risk because qualified consumer organisation (QCO) and specified qualified consumer organisation (SQCO) actions tend to draw public attention. Even if the business operator ultimately prevails, it is possible that its reputation will be seriously harmed by the filing of the lawsuit. Therefore, appropriate measures should be taken when being contacted by a QCO or SQCO prior to filing. Additionally, while only SQCOs and delegating consumers are legally bound by the judgment in the litigation seeking declaratory judgment on common obligations (CO litigation), in practice, when a court renders judgment in favour of the plaintiff, other courts refer to the judgment in similar cases thereafter; thus, such a judgment may trigger similar actions. Therefore, business operators would need to consider entering into a settlement out of court.

Law stated - 9 10 2025

### Typical defence arguments

#### What are typical arguments for defeating the certification of the class or the acceptance of the matter as a class action?

Although there may not be a typical defence argument in QCO actions and SQCO actions, it is sometimes argued in CO litigation of an SQCO action that the predominance requirement has not been met. It had been considered that the predominance requirement is not likely to be satisfied in cases:

- where comparative negligence is at issue and it is difficult to determine the degree of negligence of each consumer; and
- where the circumstances related to causation are different for each consumer.

With respect to an actual case where the comparative negligence of each consumer and causation were at issue, given that it was difficult to determine the degree of negligence and causation in each case, the decision of the Tokyo High Court dismissed the SQCO's petition. The filing was based on a claim for compensation brought against business operators who, through solicitation by presenting false or excessively misleading information, had

sold materials that explained cryptocurrencies and how to profit from them, etc. The court determined that the court would need to conduct a substantive examination, given that, in this case, each purchaser had been negligent to some extent in entering into the contract with the business operators and the degree of negligence differed from person to person, and whether each purchaser believed that they would be able to easily profit from cryptocurrency trading based on the false or excessively misleading information presented by the business operators differed from person to person. However, the decision of the Supreme Court on 12 March 2024 reversed the Tokyo High Court's decision. The Supreme Court determined that the court may dismiss a petition for CO litigation only when a considerable degree of examination for each case is required in light of the quantity and content of the issues in dispute in relation to target claims, the commonality between and importance of the individual circumstances of the consumers in relation to the issues, and the content of the examination, etc. The Supreme Court also concluded that a considerable degree of examination regarding comparative negligence and causation was not required in this case because the circumstances surrounding the purchase of the materials were common to the target consumers.

**Law stated - 9 10 2025**

### **Joint defence agreements**

**What rules and standards govern joint defence agreements? Are they discoverable? What are the advantages and disadvantages of these agreements?**

Joint defence agreements are not restricted in Japan; however, they are not common in practice. In general, as the scope of documents subject to an order to submit documents is limited to those relevant to the cause of action, it is unlikely that the court will order the submission of a written joint defence agreement.

**Law stated - 9 10 2025**

## **SETTLEMENT**

### **Approval of settlements**

**Describe the process and requirements for approval of a class-action settlement.**

Settlement between a QCO and a business operator

There are no special requirements or restrictions in qualified consumer organisation (QCO) actions. However, in principle, QCOs may not receive any economic benefit for exercising their right to demand an injunction, etc, such as a contribution or donation or any other benefit, regardless of name, which means 'irrespective of the name under which the benefit is provided' (article 28(1) of the Consumer Contract Act), and a QCO may not enter into a settlement agreement by which the business operator pays money to the QCO. On the other hand, it is possible to prescribe a clause regarding a penalty that the business operator shall pay to the QCO in the settlement (article 28(1)(iv) of the Consumer Contract Act).

## Settlement between an SQCO and a business operator

First, under the pre-amendment Act on Special Measures Concerning Civil Court Proceedings for the Collective Redress for Property Damage Incurred by Consumers (the Special Act), a specified qualified consumer organisation (SQCO) and a business operator could enter into a settlement only with regard to the existence of a common obligation in the litigation seeking declaratory judgment on common obligations (CO litigation). In other words, the SQCO could not enter into a settlement agreement that contains clauses that affect the substantive rights of target consumers, such as a clause regarding a monetary payment, repair of a defect or replacement of a product by the business operator. In addition, it is considered that an SQCO may not enter into an out-of-court settlement with a business operator before being delegated by the target consumers in simple determination proceedings. On the other hand, it is out of the scope of the Special Act for an SQCO to settle with a business operator out-of-court as a normal organisation. Therefore, unless the settlement disposes of the substantive rights of the target consumers, the SQCO may enter into an out-of-court settlement agreement that contains a clause concerning the withdrawal of the SQCO action.

The revised Special Act abolishes the provision that the scope of a settlement should be limited to the existence of a common obligation in the CO litigation and enables various settlements to be reached (article 11 of the Special Act). For example, it has become possible to reach:

- a settlement in which settlement money is paid without determining whether a common obligation exists; or
- a settlement in which relief may be sought in a manner other than the payment of money.

In addition, since the revised Special Act does not oblige an SQCO to file a petition for the commencement of simple determination proceedings when the CO litigation is concluded by way of a settlement (article 15 of the Special Act), it has become possible to realise the terms of such a settlement without proceeding to simple determination proceedings. The revised Special Act also stipulates that an SQCO may receive remuneration even if it has reached a settlement in the CO litigation (article 82(2) of the Special Act). Moreover, if the settlement terms in CO litigation stipulate that an SQCO will not file an SQCO action regarding the common obligation, such stipulation shall also be effective against other SQCOs (article 11(3) of the Special Act).

As to a settlement in simple determination proceedings, there are no special restrictions; therefore, it is also possible for an SQCO to enter into an out-of-court settlement (articles 40, 71(1) and (2)(i) of the Special Act).

**Law stated - 9 10 2025**

## | Opt-outs and opt-ins

## May class members opt out and pursue their own action? In an opt-in class action, how does settlement affect the right of non-class members to bring claims?

In simple determination proceedings of an SQCO action, a target consumer who has delegated powers to an SQCO may opt out by revoking the delegation of powers (article 34(3) of the Special Act) and may carry out its own litigation. Any settlement between an SQCO and a defendant in simple determination proceedings does not bind consumers who were not involved in the SQCO action and does not affect their rights.

**Law stated - 9 10 2025**

## Objections to settlement

### May class members object to a settlement? How?

There is no article that prescribes the right of consumers to object to a settlement in QCO and SQCO actions. However, a settlement between the QCO and a business operator in a QCO action does not bind consumers. In addition, if consumers are dissatisfied with a settlement regarding the existence of obligations of the business operator in the CO litigation in an SQCO action, they are not bound by it unless they opt in to the simple determination proceedings.

**Law stated - 9 10 2025**

## Separate settlements

### How are separate class action settlements handled? How are opt-outs generally handled?

In cases where some parties are inclined to reach a settlement, the court may, at its discretion, order the separation of oral arguments and proceed with settlement discussions (article 152(1) of the Code of Civil Procedure). However, in cases where multiple actions for an injunction, etc, filed by QCOs or multiple CO litigation cases filed by SQCOs must be consolidated, these actions cannot be separated.

**Law stated - 9 10 2025**

## JUDGMENT AND APPEAL

## Preclusive effect

### What is the preclusive effect of a final judgment in a class action?

QCO actions

When the judgment regarding a qualified consumer organisation (QCO) Action becomes final and binding, the judgment binds not only the parties but also other QCOs, and, in principle, QCOs that are not plaintiffs in the QCO action may not demand an injunction identical to that in a previous QCO action with respect to a business operator that was a defendant in

the previous case (article 12-2(1)(ii) of the Consumer Contract Act). On the other hand, the judgment has no legal effect on consumers.

SQCO actions

CO litigation

The final and binding judgment in the litigation seeking declaratory judgment on common obligations (CO litigation) has legal effect not only on the parties but also on other specified qualified consumer organisations (SQCOs) and delegating consumers (article 10 of the Act on Special Measures Concerning Civil Court Proceedings for the Collective Redress for Property Damage Incurred by Consumers (the Special Act)). Therefore, when the court dismisses an SQCO action, every SQCO is bound by the judgment, whereas there is no possibility that consumers are bound by it, because, in this case, the SQCO may not initiate the simple determination proceedings and there is no delegating consumer because there is no occurrence of the delegation of target consumers, etc, which is to be done in the simple determination proceedings. On the other hand, when an SQCO prevails in the CO litigation, target consumers, etc, may choose whether to opt in to the SQCO action and receive benefits stemming from the result of the SQCO action.

Procedures to determine target claims, etc

When the judgment in the simple determination proceedings or litigation after objection regarding a specified qualified consumer organisation (SQCO) action becomes final and binding, the judgment binds not only the parties but also delegating consumers and other SQCOs, and, in principle, SQCOs that are not plaintiffs in the SQCO action may not object to the content of target claims, etc, thereafter (articles 45(5), 49(6) and 50(2) of the Special Act). However, the scope of the binding power of the judgment is limited to matters concerning the obligations of business operators in the CO litigation, and delegating consumers may file another action based on statutory causes other than the causes on which the previous SQCO action were based.

**Law stated - 9 10 2025**

## Appeals

**What type of appellate review is available with respect to class-action decisions?**

With respect to the simple determination proceedings in an SQCO action, any parties and delegating consumers who are dissatisfied with a simple determination order may object and request to commence the litigation after objection (articles 49(1) and (2) of the Special Act). As to a QCO action and the CO litigation in an SQCO action, there is no special rule regarding appeal, and parties who are dissatisfied with a judgment may appeal to the High Court and further to the Supreme Court (or file a petition for the acceptance of a final appeal).

**Law stated - 9 10 2025**

## REGULATORY ACTION

### Regulators

#### What role do regulators play in connection with class actions?

The Consumer Affairs Agency, which supervises qualified consumer organisations (QCOs) and specified qualified consumer organisations (SQCOs), never intervenes directly in QCO and SQCO actions. However, QCOs and SQCOs are certified under strict requirements by the Prime Minister and supervised by the authorities, and the Prime Minister has the power to rescind the certification (articles 13 and 30 to 34 of the Consumer Contract Act and articles 71, 91 and 92 of the Act on Special Measures Concerning Civil Court Proceedings for the Collective Redress for Property Damage Incurred by Consumers (the Special Act)). Therefore, it is considered that these systems prevent QCOs and SQCOs from conducting inappropriate acts such as vexatious actions.

Regarding the promotion of the SQCO action system, under the pre-amendment Act, problems had been pointed out in regard to the difficulties that SQCOs face in obtaining necessary information or donations because of low public awareness of the SQCO action system and SQCOs, and the fact that physical and material support are not adequate, etc. In order to improve these conditions and enhance the SQCO action system, the revised Special Act introduced a new system for certifying third parties who support the SQCO action system (juridical person who supports litigation filed by consumer organisations). Such a juridical person shall provide support to SQCOs by means of providing information to consumers and managing money entrusted by SQCOs (articles 98 to 113 of the Special Act).

**Law stated - 9 10 2025**

### Private enforcement

#### Describe any incentives the civil or criminal systems provide to facilitate follow-on actions.

There is no system with the direct purpose of facilitating follow-on actions. However, QCOs and SQCOs must strive to provide consumers with information relevant to QCO and SQCO actions they have filed, such as information regarding the judgment and settlement (article 27 of the Consumer Contract Act and article 88 of the Special Act). The secretary general of the Consumer Affairs Agency must publish the information regarding these actions (article 39(1) and (3) and 48-2 of the Consumer Contract Act; article 3 of the Order for Enforcement of the Consumer Contract Act; articles 95(1) and (3) and 97 of the Special Act; and article 3 of the Order for Enforcement of the Special Act). Consumers who would like to initiate a follow-on action may use this information.

**Law stated - 9 10 2025**

## ALTERNATIVE DISPUTE RESOLUTION

### Arbitration and ADR

## What role do arbitration and other forms of alternative dispute resolution play in class actions? Can arbitration clauses lawfully contain class-action waivers?

Even if there are clauses regarding alternative dispute resolution in the contract between a business operator and consumers, qualified consumer organisations (QCOs) are not bound by them and may file a QCO action because QCOs exercise their own right to demand an injunction, etc, in a QCO action. On the other hand, it is likely that QCOs may file an arbitration petition based on an arbitration agreement with a business operator because the Consumer Contract Act contains articles that take into account the earlier-mentioned situation (articles 23(4)(iii) to (vi) of the Consumer Contract Act).

There is no article regarding alternative dispute resolution in the Act on Special Measures Concerning Civil Court Proceedings for the Collective Redress for Property Damage Incurred by Consumers, so it is not clear how these clauses between a business operator and consumers are treated in a specified qualified consumer organisation (SQCO) action.

Law stated - 9 10 2025

## Court-ordered mediation

### Do courts order pretrial mediation in class actions? Does the appointment of a mediator make it more likely that the court will approve a settlement?

The court may, at its discretion, refer the case to mediation (article 20 of [the Civil Mediation Act \(Act No. 222 of 1951\)](#)); however, with the exception of certain kinds of cases, the court initiates settlement discussions by itself and rarely refers a case to mediation.

If the parties reach an agreement, the court generally respects it and makes a record of settlement in accordance with the content of this agreement.

Law stated - 9 10 2025

## FEES, COSTS AND FUNDING

## Contingency fees

### What are the rules regarding contingency fee agreements for plaintiffs' lawyers in a class action?

It is necessary to consider two matters: the fees for a qualified consumer organisation (QCO) or a specified qualified consumer organisation (SQCO) owed by consumers; and the fees for attorneys-in-fact paid by a QCO or SQCO.

Fees for a QCO or an SQCO

The relief granted in respect of QCO actions is an injunction or an order requiring the business operator to take other necessary measures. Consumers never participate in a QCO action regardless of the result. Therefore, there is no possibility that a QCO will receive any fees from consumers.



With respect to SQCO actions, an SQCO may receive a payment regarding remuneration or expenses relevant to an SQCO action, and there is no prohibition against contingency fees. However, the secretary general of the Consumer Affairs Agency confirms the amount or the calculation method of the remuneration or expenses above in the application procedure for certification as an SQCO (articles 72(2)(viii) and 97 of the Act on Special Measures Concerning Civil Court Proceedings for the Collective Redress for Property Damage Incurred by Consumers (the Special Act) and article 3 of the Order for Enforcement of the Special Act), and certification may not be granted or may be rescinded where it is found that the consumer organisation intends to charge excessive fees (articles 71(4)(vi) and 92(1)(ii) of the Special Act). The Consumer Affairs Agency released a guideline that states that, in respect of the fees for the procedures after filing proofs of claims, SQCOs should allocate more than half of collected money to the delegating consumers.

Fees for attorneys-in-fact

There is no statutory restriction.

**Law stated - 9 10 2025**

### **Cost burden**

**What are the rules regarding a losing party's obligation to pay the prevailing party's attorneys' fees and litigation costs in a class action?**

Attorneys' fees

There is no special rule regarding QCO and SQCO actions. In Japanese litigation, generally, attorneys' fees are not included in the litigation costs below and the parties should pay their respective attorneys' fees.

Litigation costs

In principle, the losing party bears the litigation costs under the Code of Civil Procedure (article 61 of the Code of Civil Procedure). Accordingly, the litigation costs consist only of procedural expenses such as the fees for the filing. Thus, the parties' internal expenses for the preparation of litigation, such as labour costs, are not included in the litigation costs, nor are attorneys' fees.

However, with respect to the simple determination proceedings in an SQCO action, the Special Act prescribes that the parties bear their own expenses ('individual expenses') other than the particular expenses for each of the target claims, etc (article 51(1) of the Special Act). For instance, the SQCO bears the fees for filing the petition for the commencement of the simple determination proceedings and the petition for an order to disclose information. In addition, it is considered that the expenses for the notice and announcement to target consumers, etc, are not included in the expenses in the simple determination proceedings above, and the SQCO is to bear them regardless of the result of the SQCO action. On the other hand, as to the individual expenses, the court determines the burden of expenses according

to the principle under the Code of Civil Procedure above (articles 52(1) and (3) of the Special Act).

**Law stated - 9 10 2025**

### **Calculation**

**How are costs calculated? What costs are typically recovered? Does cost calculation differ in the litigation and settlement contexts?**

As litigation costs are limited to procedural expenses only, the calculation thereof is not complicated.

In the case of a settlement, the parties generally agree to bear their own litigation costs and attorneys' fees.

**Law stated - 9 10 2025**

### **Third-party funding: admissibility**

**Is third-party funding of class actions permitted?**

Although third-party funding is not prohibited under Japanese law, it is not common in Japan. However, the National Consumer Affairs Centre of Japan may provide security in place of an SQCO to prevent financial problems from discouraging the SQCO from filing a petition for an order for provisional seizure prior to the SQCO action (article 10(vii) of [the Act on National Consumer Affairs Centre of Japan \(Act No. 123 of 2002\)](#)).

**Law stated - 9 10 2025**

### **Third-party funding: common applications in class actions**

**In what types of class actions is it most commonly used?**

Third-party funding is not commonly used in either QCO actions or SQCO actions.

**Law stated - 9 10 2025**

### **Public funding**

**Is legal aid or other public funding available for class actions?**

With respect to a petition for an order for provisional seizure prior to the SQCO action, the National Consumer Affairs Centre of Japan may provide security in place of an SQCO to prevent financial problems from discouraging the SQCO from filing the petition (article 10(vii) of the Act on the National Consumer Affairs Centre of Japan). There is no other official legal aid available for a QCO action and an SQCO action, and, although private third-party funding is not prohibited under Japanese law, it is not common.

**Law stated - 9 10 2025**

## Insurance

### Are adverse costs, adverse litigation judgment or after-the-event insurance available?

There is no restriction regarding litigation insurance.

In practice, many Japanese major companies, especially manufacturers, have insurance for legal expenses and product liability. However, after-the-event insurance is not common.

**Law stated - 9 10 2025**

## Transfer of claims

### Can plaintiffs sell their claim to another party?

QCOs and SQCOs may not sell their claims to another party because only certified QCOs and SQCOs may file a QCO action and an SQCO action, respectively. With respect to the target consumers, it is, in principle, possible to assign a claim under the principle of the Civil Code; however, if a number of target claims are assigned to a person and the person claims a considerable amount in damages, the person would be deemed to be in violation of the Attorney Act because no person may engage in the business of obtaining the rights of others by assignment and enforcing these rights under the Act (article 73 of [the Attorneys Act \(Act No. 205 of 1949\)](#)).

**Law stated - 9 10 2025**

## Distributing compensation

### If distribution of compensation to class members is problematic, what happens to the award?

As the relief in respect of a QCO action is an injunction, etc, there is no distribution. There is no specific rule regarding the distribution of compensation in an SQCO action.

**Law stated - 9 10 2025**

## UPDATE AND TRENDS

## Legal and regulatory developments

### What legislative, regulatory or judicial developments related to class actions are on the horizon?

A specified qualified consumer organisation (SQCO) action was filed on 17 December 2018 for the first time since the Act on Special Measures Concerning Civil Court Proceedings for the Collective Redress for Property Damage Incurred by Consumers (the Special Act) took effect. An SQCO filed a petition against a private medical college that set unjust standards for screening prospective students (eg, gender and the number of failed entrance examinations) and brought a claim for compensation in respect of examination fees on behalf of applicants

who were not admitted to the college. In the first stage (ie, the litigation seeking a declaratory judgment on common obligations), the court rendered a declaratory judgment on 6 March 2020 in favour of the SQCO, determining that the discriminatory screening of the college constituted a tort, and, therefore, the applicants were entitled to seek compensation in respect of examination fees. In the second stage (ie, the procedures to determine the target claims), the SQCO and college reached an agreement on 27 July 2021, where the college agreed to pay approximately ¥67.5 million to the SQCO, which was equivalent to the amount of compensation for 558 applicants.

The current qualified consumer organisation (QCO) action and SQCO action do not directly cover damages caused by improper processing of personal information, so they cannot be used in such a case in principle (in cases where property damage has been incurred by such improper processing, it would be possible to use SQCO actions under the revised Special Act). In the review process for the revision of [the Act on the Protection of Personal Information](#), the introduction of QCO actions or SQCO actions under the scope thereof is being considered, given that in some cases, the victims are numerous and unspecified, which is typical of the said QCO actions or SQCO actions. However, due to strong opposition from related organisations in the business world, it is unclear whether this will lead to actual legislation or not.

**Law stated - 9 10 2025**