



## Civil Code

### Bill to Partially Amend the Civil Code was Passed by the House of Representatives

On April 14, 2017, the House of Representatives passed a bill to partially amend the Civil Code ("Bill"). The Bill is under deliberation in the House of Councilors and is expected to be enacted in the current session of the Diet.

The Bill includes the following important items that will revise the provisions of the current Civil Code:

- Statute of Limitations:** Under the current Civil Code, (i) a limitation period for a claim generally lasts until 10 years after the time when the claim may first be exercised. While this general prescription period will remain, the Bill (ii) introduces a new limitation period that will last until five years after the time when creditors become aware that a claim is exercisable, and a claim will be extinguished upon expiry of the period of (i) or (ii), whichever expires earlier. In addition, the provisions of the short-term statute of limitations for occupation-related claims (Articles 170 through 174 of the current Civil Code) and the statute of limitations for commercial affairs (Article 522 of the Commercial Code) will cease to exist and the varying limitations periods will be unified.
- Statutory Interest Rate:** The Bill will replace the current fixed interest rate of five percent per annum with a variable interest rate. The statutory interest rate at the time of enforcement of the Bill will be three percent per annum and the rate will be reviewed every three years based on an average interest rate of short-term loans.
- Personal Guarantees:** Under the Bill, a guarantee by an individual guarantor for loan obligations incurred for a business (except for personal guarantees by business owners) will become invalid unless such individual indicates an intention to perform the guarantee obligation by means of a notarial deed during the one month period prior to the execution. In addition, when a principal obligor entrusts such guarantee to an individual, the principal obligor must provide such individual with certain information, including the status of the property and the income and expenditures. If the principal obligor fails to provide such information, the individual guarantor may generally rescind the guarantee.
- Assignments:** In order to promote the raising of funds by the assignment of claims, as a general rule, an assignment of claims that is contrary to a "no assignment" provision will be valid under the Bill. Except in certain cases, an obligor may refuse to perform its obligation to an assignee of claims who has acquired the claims with the knowledge of the "no assignment" provision, or in ignorance of such provision due to gross negligence, and assert any grounds to extinguish its obligations (e.g.,

---

## TOKYO OFFICE CONTACTS

---

John C. Roebuck

Yuichiro Mori

Yoshitake Masuda

Kyosuke Katahira

Harukuni Ito

Yuki Yoshida

Shinji Kadomatsu

Yusuke Hanada

Hiroyuki Fujimoto

Yasunobu Takatama

Seiichi Nishiyama

Gregory H. Kikkawa

Yuto Watanabe

Naoto Kosuge

---

repayment) that have accrued vis-a-vis the assignor as a defense against such assignee.

- **Contracts of Adhesion:** The Bill newly introduces provisions regarding contracts of adhesion (*teikei yakkan*). The Bill includes various provisions such as providing requirements for contracts of adhesion to be deemed as agreed between the parties, restricting terms that unilaterally impair the interest of consumers, adding an obligation to provide the terms of the contracts of adhesion to consumers, and providing that certain requirements must be met to amend a contract of adhesion without the consent of a consumer.
- **Cancellation:** Under the current Civil Code, the cancellation of a contract due to nonperformance of the contract requires a fault by an obligor. However, under the Bill, an obligee will have the right to cancel its contract without a fault by the obligor. These new cancellation rules are a means of releasing an obligee from the binding effect of contracts in cases where an obligor does not perform its obligations, rather than a means of pursuing liability of such obligor.

In addition to the above, the Bill covers a broad range of other items, such as amendments to codify court precedent as well as other revisions to the current Civil Code. The Bill will come into force by 2020, if it is enacted in the current session of the Diet. To comply with this Bill, companies will need to review their business practices in various areas, including their credit management and contract practices.

## Life Sciences

### Enactment of Clinical Research Act

Due to the uncovering of clinical research misconduct in the past few years, the Clinical Research Act was enacted on April 7, 2017, and was promulgated on April 14, 2017. Under this act, those who conduct Specified Clinical Research ("SCR") must (i) comply with the clinical research guidelines that will be made by the Ministry of Health, Labour and Welfare, which will regulate, among others, monitoring activities and the auditing and management of conflicts of interest, and (ii) obtain informed consent, protect personal data, keep records, hold hearings with certified clinical research ethics committees relating to clinical research plans, and report adverse events. SCR is defined as clinical research sponsored by manufacturers of drugs, medical devices, or human cell therapy and gene therapy products ("Drugs, etc.") and clinical research related to the Drugs, etc. of those companies, or clinical research to study the Drugs, etc. that have not been approved under the Pharmaceutical and Medical Device Act ("PMD Act") or off-label uses of the Drugs, etc. However, any clinical trial regulated under the PMD Act is excluded from the definition of SCR. In addition, under the Clinical Research Act, manufacturers of Drugs, etc. shall be obligated to execute contracts to sponsor SCR and to disclose sponsorship information. Future ministerial ordinances will specify what sponsorship information must be disclosed, and these future developments should be closely monitored. This act will come into force within one year from the date of promulgation.

## Labor

### Amendment to Child and Family Care Leave Act, Etc.

The amendment to the Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave ("Act"), etc. was enacted on March 31, 2017. Starting in October 2017, this amendment will allow for a worker to extend the period of child care leave until his or her child reaches two (2) years of age, if the child is unable to enter into a nursery school. Until the amendment takes effect in October, the Act allows for a worker to extend the leave period until a child reaches one and a half (1.5) years of age.

[\[back to the top\]](#)

Follow us on:



Jones Day is a legal institution with more than 2,500 lawyers on five continents. We are One Firm Worldwide<sup>SM</sup>.

Disclaimer: Jones Day publications should not be construed as legal advice on any specific facts or circumstances. The contents are intended for general information purposes only and may not be quoted or referred to in any other publication or proceeding without the prior written consent of the Firm, to be given or withheld at our discretion. The electronic mailing/distribution of this publication is not intended to create, and receipt of it does not constitute an attorney-client relationship. The views set forth herein are the personal views of the author and do not necessarily reflect those of the Firm.

© 2017 Jones Day. All rights reserved. 51 Louisiana Avenue, N.W., Washington, D.C. 20001-2113.

[www.jonesday.com](http://www.jonesday.com)