

Unfair Competition	Date	September 9, 2024	Court	Osaka District Court, 21st Civil Division
	Case number	2023 (Wa) 886		
<p>- A case in which the court entirely dismissed claims for compensation for loss or damage in the amount equivalent to fees for destruction of inventory, etc. which was filed by the Plaintiff, who had purchased a member that generates chlorine dioxide from the Defendant and manufactured and sold goods incorporating the member, against the Defendant on the grounds of the Defendant's non-performance in violation of the obligation to guarantee that the indication, etc. of the member under a basic contract concerning the purchase of the member complies with relevant laws and regulations, and the Defendant's acts of misleading the Plaintiff as to the quality of the member and of harming the Plaintiff's reputation.</p>				

Summary of the Judgment

The Defendant had manufactured and sold a member that generates chlorine dioxide and had also personally sold goods incorporating the member. The Plaintiff had purchased the member after concluding a basic contract concerning the sale of the member with the Defendant, and had manufactured and sold products incorporating the member. Under the same basic contract, the Defendant had the obligation to guarantee that the member that the Defendant sells to the Plaintiff complies with relevant laws and regulations in terms of quality, function, indication, etc. However, the Defendant received an order to take measures from the Consumer Affairs Agency on the grounds that an indication by which the quality, standard or any other particular relating to the content of goods or services could be misperceived as being significantly superior to what it actually is, or significantly superior to those of other entrepreneurs who supply the same kind of or similar goods or services as those supplied by the entrepreneur under the Act against Unjustifiable Premiums and Misleading Representations is found in relation to the products that had been sold by the Defendant (these products differ from the products sold by the Plaintiff). Therefore, the Plaintiff alleged as follows: the same indication as one for which the Defendant received the order to take measures is also affixed to the packages of the Plaintiff's Products, and this indication was affixed under the Defendant's instruction; therefore, the Defendant is the actor who affixed the indication on the packages, and under the basic contract, the Defendant has the obligation to guarantee compliance with laws and regulation in relation to third parties to which the Plaintiff sells its products; consequently, the Defendant's act of having

affixed such indication constitutes an act of misleading as to quality under the Unfair Competition Prevention Act and also constitutes an act of harming the Plaintiff's reputation. Based on this allegation, the Plaintiff claimed compensation for damage of 173,147,248 yen, which is a total of the amount equivalent to fees for destruction of inventory, solatium for harm to reputation, and attorney's fee.

The court ruled as summarized below. Under the basic contract, in relation to the Plaintiff, the Defendant only has the obligation to guarantee goods it has sold to the Plaintiff, and even if the Defendant got involved in the production of the packages (including their designs) in an auxiliary manner, the actor that produced the packages is the Plaintiff; therefore, it cannot be found that the Defendant also had the obligation to guarantee that the packages produced by the Plaintiff comply with relevant laws and regulations; in relation to the act of misleading as to quality and the act of harming reputation under the Unfair Competition Prevention Act, the Plaintiff's allegations that are based on the premise that the Defendant is the actor who affixed the indication cannot be accepted. Based on this ruling, the court entirely dismissed the Plaintiff's claims.