

# DESIGNATION OF SPECIFIC UNFAIR TRADE PRACTICES IN THE DEPARTMENT STORE BUSINESS

December 21, 1954  
Fair Trade Commission Notification No. 7 of 1954

(Amendments: Fair Trade Commission Notification No. 13 of 1961,  
Fair Trade Commission Notification No. 4 of 1996)

In accordance with the provisions of Section 2(9) of the Act Concerning Prohibition of Private Monopolization and Maintenance of Fair Trade (Law No. 54 of 1947), Specific Unfair Trade Practices in Specific Business Fields shall be designated as follows:

## **Specific Unfair Trade Practices in the Department Store Business**

1. A Department Store Entity returns goods purchased from a supplier to that supplier (including acts materially equivalent to returns of goods, for example changing the contract from a purchase contract to a consignment sale contract or replacing the goods with other goods; the same applies hereinafter), except when it falls under the item 1 of the following paragraphs:
  - (1) Return of goods to a supplier within a reasonable period from the a day of receipt, when the goods d delivered are damaged, broken or defective for causes attributable to the supplier,
  - (2) Return of goods to a supplier within a reasonable period after the day of receipt, when the goods delivered are different from those that were ordered,
  - (3) Return of goods to a supplier within a fixed period after the delivery day and or within a fixed rate of raw materials in the quantity of goods depending on the amount of delivered goods, when such a return of goods is considered a normal trade practice not only between the Department Store Entity and the supplier but also within the general wholesale trade,
  - (4) Return of goods to a supplier upon obtaining the supplier's consent, provided that the Department Store Entity bears a loss, which generally occurs due to the return of goods once delivered, and
  - (5) Return of goods to a supplier upon its request, provided that disposal of the goods it delivered and accepted as return from the department store Entity leads to direct benefits to the supplier.

2. A Department Store Entity causes a supplier to accept price reduction of the delivered price of goods after the department store purchased the goods from the supplier, except for the case stipulated in the item 1 of the following paragraphs:
  - (1) Causing a supplier to accept price reduction of the delivery price of goods within a moderate period from the acceptance day of delivery at a reasonable rate of reduction, when the goods delivered are damaged, broken or defective for causes attributable to the supplier, and
  - (2) Causing a supplier to accept price reduction of the delivered price of goods within a moderate period from the day of receipt at a reasonable rate of reduction, when the goods delivered are damaged, broken or defective for causes attributable to the supplier, and when the goods delivered are different from those that were ordered.
3. A Department Store Entity causes a supplier to accept a consignment sales contract with it under the conditions excessively disadvantageous to the supplier in the light of normal trade practices carried out in general transactions of consignment sales.
4. A Department Store Entity causes a supplier to deliver particular goods to it for the purpose of bargain sales, low price sales and others at an excessively low price compared to the general wholesale price of equivalent goods.
5. A Department Store Entity refuses all or part of delivery of specific goods without causes attributable to the supplier after having made a contract, in which the Department Store Entity designated specified standards, designs, types etc. for the goods, with the exception that it obtains the supplier's consent to its refusal while making reasonable reparation for damage.
6. A Department Store Entity causes a supplier to send employees to the Store for its own sales operations, or the Department Store Entity causes the supplier to bear the labor cost of employees directly hired by the Store. It shall, however, be exceptional that the supplier's sending its employees, who have technique or ability related to the goods delivered by the supplier, when the employees of the Department Store Entity generally do not have such expertise, and to make them engage in sales operations of the said goods when such action directly lead to benefits for the supplier.
7. A Department Store Entity affords unfavorable treatment to a supplier by delaying payment for the goods delivered, reducing purchase quantity, suspending transactions and the like on the ground that the supplier refuses the demands described in the above paragraphs.

## **Recital**

1. "Department Store Business" as used in this Notification shall mean a business, which performs retail sales of diverse goods used by general consumers on a daily basis at a single store building having selling floor space that falls the following paragraphs (floor area worked out by multiplying floor area of the store by ninety five hundredths (95/100)). Also, "Department Store Entity" shall mean an entity or person who operates the department store business.

(1) Three thousand square meters (3,000 m<sup>2</sup>) or larger: within the limits of Tokyo Metropolis (the special wards only) and the other ordinance designated cities stipulated in Section 252 (19) (i) of the Local Governmental Act (Law No. 67 of 1947)

(2) One thousand and five hundreds square meters (1,500m<sup>2</sup>) or larger: within the limits of cities other than those falling under the proceeding item, or towns and villages

2. "Supplier" as used in this Notification shall mean a business entity who supplies the Department Store Entity with goods for its own sales or sells upon consignment, and its bargaining position is inferior to that of the Department Store Entity.