

## Japanese Corporate Law: Important Cases in 2002 and 2003

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### Introduction

- I. The Abuse of Discretion by a Representative Director in Deciding Allowances for Resigning Directors
- II. The Participation of Shareholders in Derivative Actions and Undue Delay
- III. A Director's Liability for Conflict of Interests and Financial Support to a Company in a Group of Companies
- IV. Shares Restricted on Transfer and the Shareholder's Withdrawal of Request to Transfer for Approval of the Board of Directors

### Conclusion

### INTRODUCTION

Corporate law cases from 2002 and 2003 show that the Japanese economy is still in a depression. In those years there were a number of cases seeking directors' liabilities for damages to their companies under derivative actions. There were 135 pending cases at district courts at the end of the 2002 fiscal year.<sup>1</sup> For example, one case involves directors' liabilities for a company's financial support by its debt forgiveness to another company in a group of companies.<sup>2</sup> Another case concerning directors' liabilities illustrates the infamous problem of bad loans in relation to an insolvent financial institution.<sup>3</sup> In addition to these cases, there are some other important cases arising from other areas of Japanese corporate law. This paper reports on some of these remarkable cases.

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1 Shôji Hômu 1666 (2002) 41.

2 See, *infra* at III.

3 Osaka Court of Appeals, March 29, 2002, in: Kinyû Shôji Hanrei 1143 (2002) 16.