The Changing Legal Services Market in Japan: On Failing Law Schools, Bar Exam Disasters, and Sex Scandal

Shozo Ota

University of Tokyo

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The Changing Legal Services Market in Japan
On Failing Law Schools, Bar Exam Disasters, and Sex Scandal

March 2017

OTA Shozo (太田 勝造)
Professor of Law
The University of Tokyo
0. Background: Judicial Reform in the 21st Century Japan
0.1. The Justice System Reform Council (1999-2001)

Recommendations of the Justice System Reform Council: For a Justice System to Support Japan in the 21st Century (June 12, 2001)
Set the Agenda for Judicial Reforms

0.2. Areas of Reform

A. Civil Justice System
   Civil Procedure
   - Faster, Specialization (Intellectual Property Court),
   - Small Claims Procedure, Effective Judgment Enforcement,
   - Access to Justice Enhancement (Japan Legal Support Center: Ho-Terasu)
   - ADR Promotion, etc.

B. Criminal Justice System
   Criminal Procedure
   - Faster Process
   - Grand-Jury Reform (Kensatsu Shinsakai): Empowerment
   - Victim Participation
   - Lay Judge System (Saiban-in Seido), etc.

C. Legal Profession
   - Increase of Legal Profession, Graduate Law School, Bar Exam Reform,
   - Legal Representation (Rights of Audience) at Small Claims for Judicial Scriveners, etc.

and so on ...
1. Law-related Professions in Japan

1.1. Lawyers

1.1.1. Legal Education: Overview

2004-present: (1.1) 4 year undergraduate (faculty of law) ⇒ 2 year graduate school of law
(1.2) 4 year undergraduate (not law) ⇒ 3 year graduate school of law
(2) (1.1)+(1.2) ⇒ National Bar Examination
(3) 1 year at the Legal Training and Research Institute: LTRI
(4) LRTI Graduation ⇒ Choice: practicing attorney, prosecutor, or judge

2011-present: Supplementary Bar Examination (PBE)
(1) any one can take PBE
(2) passing PBE, then take National Bar Examination
(3) LRTI and Choice of career

Before graduate law school (-2004): (1.1) First Bar Exam for anybody
(1.2) University undergraduate students finished the first two year of 4 year course are exempted from (1.1)
(2) Second Bar Exam (no law degree required)
(3) LTRI for 2 years
(4) Choice of career

Qualified Lawyers: ca 40,000 including prosecutors (1930) and judges (2755)
1. Law-related Professions in Japan
1.1. Lawyers
1.1.2. Stats on Lawyers: New Graduate Law Schools, Bar Exam

- Decreasing LS Applicants
  - LS Application-to-Enrollment Ratio
  - LS Applicants

- Bar Exam Passers
  - Female Bar Exam Passers
  - Male Bar Exam Passers

- New Bar Exam

[Graph showing the decrease in LS applicants and the enrollment ratio]

[Graph showing the number of male and female bar exam passers over the years]
1. Law-related Professions in Japan
1.1. Lawyers
1.1.3. Numbers of Lawyers and Law Offices

**Lawyer Population in Japan 1950-2015**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td></td>
</tr>
<tr>
<td>1952</td>
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<td>1954</td>
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<tr>
<td>2012</td>
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<tr>
<td>2014</td>
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</table>

**Law Offices As of March 2016**

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<thead>
<tr>
<th>Number of Law Offices:</th>
<th>N</th>
<th>%</th>
<th>Accumulated %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law Offices with 1:</td>
<td>9813</td>
<td>59.7521</td>
<td>59.7521</td>
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<tr>
<td>Law Offices with 2:</td>
<td>3092</td>
<td>18.8284</td>
<td>78.58361</td>
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<tr>
<td>Law Offices with 3-5:</td>
<td>2551</td>
<td>15.53404</td>
<td>94.11765</td>
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</tbody>
</table>

Small Law Offices → Biggest 4 (5)
528, 416, 376, 374, (362)
1. Law-related Professions in Japan
1.1. Lawyers
1.1.4. Other Stats on Lawyers

A. Public Official Lawyers

Many of them are hired for a specific term.

<table>
<thead>
<tr>
<th>National Government</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Tax Agency (NTA)</td>
<td>29</td>
</tr>
<tr>
<td>Ministry of Economy, Trade, &amp; Industry (METI)</td>
<td>18</td>
</tr>
<tr>
<td>Financial Services Agency (FSA)</td>
<td>14</td>
</tr>
<tr>
<td>Ministry of Finance (MOF)</td>
<td>12</td>
</tr>
<tr>
<td>National Government Total</td>
<td>125</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Local Gov.</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prefectures and Cities</td>
<td>75</td>
</tr>
</tbody>
</table>

B. In-house Lawyers

Mitsubishi Corp: 20
Yahoo: 19
Nomura Securities: 18
Sumitomo Mitsui Banking Corp: 18
Marubeni: 16
Yucho Bank: 16
SMBC Nikko Sec.: 14
Bank of Tokyo-Mitsubishi UFJ, Ltd.: 14
1. Law-related Professions in Japan
1. 1. Lawyers

1.1.5. Setbacks in Legal Education

(A) Redundancy: Faculty of Law, Graduate Law School, LTRI
Recruit Younger Generation to Bar: Failure of Old Bar Exam
→ 24/25 years old or older can take Bar Exam! [Compare to Korea]

(B) Bar Exam Failure
Justice System Reform Council: 3000/year (2001)
Cabinet Decision: 3000/year (March 2002)
→ Revoked (Cabinet Decision, July 2013)

Sex Scandal (2015)
Prof. Aoyagi Koichi of Meiji LS leaked Con-Law Question and Model Answer to his Lover (his former student and taking Bar Exam)

(C) Law School Failure
Expected Passage Rate: 70%-80%
→ 20%-25%
74 LS Established → 32 failed to only 42 LSs [soon]
Applicants dropped, Enrolment dropped (24/53 LSs: less than 50%)
J-LSAT will be abolished.

(D) Jobless (?) Fresh Lawyers? Poorer Quality Lawyers?
→ False Negative Campaign by Nichibenren (Japan Federation of Bar Ass'ns)

(E) Law Faculty Failure
Applicants dropped
1. Law-related Professions in Japan
1.2. Judicial Scrivener

(1) Represent Land/House **Registration** and Corporate **Registration**
(2) Represent litigants at **summary court for small claims** (up to JPY1.4M=US$13K): (special certification by special training and examination)
(3) **National Judicial Scrivener Examination**
(4) ca 22,000 (Lawyers exceeded Judicial Scriveners in 2000)
1. Law-related Professions in Japan
1.2. Judicial Scrivener

Applicants: 1998-2016

Passers

Passage Rate (%)
1. Law-related Professions in Japan
1.3. Administrative Scrivener

(*) Drafting of Documents to be submitted to Public/Administrative Offices on behalf of Citizen

E.g., Immigration/emigration, Registration of New Cars, Licensing of Restaurants and Construction Companies, Incorporation of companies, etc.
1. Law-related Professions in Japan
1.3. Administrative Scrivener

![Applicants: 1996-2016](chart1)

![Passers](chart2)

![Passage Rate](chart3)
Law-related Professions in Japan

1.4. Patent Attorney

(1) Represent patent related applications
(2) Represent patent related litigation (e.g., appeal against Patent Office Decisions)
(3) Represent with lawyers in patent related litigation (qualified PA only)
(4) National Patent Attorney Examination (3-stage exam)
(5) ca. 11,000
Law-related Professions in Japan

1.5. Tax Attorney
(1) Represent tax related applications, e.g., tax returns
(2) National Tax Attorney Examination
(3) ca. 76,000

1.6. Personnel in the Corporate Legal Sections
(1) Not qualified lawyers except in-houses
(2) Mostly law faculty graduates
(3) CLSs used to exist only in large corporations, but now many middle-sized corporations also have CLSs.
(4) CLSs were not very prestigious sections for fast-track elite employees, but the time has changed and are becoming more powerful
(5) CLSs of largest corporations now have 10 to 20 inhouses.
### 2. Quality of Civil Legal Practice: Improved or Deteriorated?

**Background:** Increase of Lawyers in the 21st Century

**Rapid Increase** ⇒ Caused Distortion in the Demographic Structure of Lawyer Population

The Number of Lawyers of Each Class Number at the Legal Training and Research Institute

<table>
<thead>
<tr>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 = Class of 1947 (First Graduates from LTRI after WWII)</td>
<td>60 = Class of 2007 (First Graduates from Graduate Law Schools Registered)</td>
</tr>
</tbody>
</table>
2.1. Popular Images of Lawyers in Japan
Research Project

FACT: Rapid Increase of Lawyers
What kind of Influences on Japanese People & Society?
E.g.: Legal Consciousness
      Attitude toward: Law and Legal System
      Perception and Images of Practicing Attorneys

Project: Change in Images of Lawyers
Comparison at the Time of Transition (Now) and Later
(e.g., 5 years later, 10 years later, and so on)

Questions: Image of Lawyers,
Social Status of Lawyers,
Perception of their Works,
Expectation on Lawyers, etc.
2.1. Popular Images of Lawyers in Japan

We asked the Japanese people to the extent they agree/disagree to the following 22 statements about lawyers with 5 degree scales:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>On balance</td>
<td>Cannot say one</td>
<td>On balance</td>
<td>Disagree</td>
</tr>
<tr>
<td>Agree</td>
<td>Way or the Other</td>
<td>Disagree</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) It costs too much to hire a lawyer (expensive).
(2) Lawyers are smart.
(3) Lawyers’ incomes are high.
(4) It is a better life if you need no lawyer.
(5) It is a better life if you do not have to go to court.
(6) I feel hesitant to go to a lawyer since I do not know how much it costs to do so.
(7) Lawyers are on the side of ordinary people.
(8) Lawyers are on the side of big business.
(9) A lawyer is a social elite.
(10) Lawyers are on the side of the social weak.
(11) Lawyers are on the side of the wealthy.
2.1. Popular Images of Lawyers in Japan

We asked the Japanese people to the extent they agree/disagree to the following 22 statements about lawyers with 5 degree scales:

1. Agree
2. On balance
3. Cannot say one way or the other
4. On balance
5. Disagree


1. Agree
2. On balance
3. Cannot say one way or the other
4. On balance
5. Disagree

(12) Lawyers are on the side of bad guys.
(13) Lawyers are on the side of justice.
(14) Lawyers are on the side of the authority (government)
(15) Lawyers are respectable.
(16) Lawyers are helpful in leading the life.
(17) Lawyers are cunning.
(18) Lawyers are active internationally.
(19) Lawyer is an aspired profession.
(20) Lawyers have an air of importance.
(21) Lawyers are kind.
(22) I feel uneasy to visit a lawyer.

★ 2 way stratified Internet Survey (age & gender) 2,000 sample, January 2009
2.1. Popular Images of Lawyers in Japan

Mean

- Expensive
- Smart
- High Income
- Better with no lawyer
- Better with no court
- On the side of the Ordinary
- On the side of Big Business
- Social Elites
- On the side of the Weak
- On the side of the Wealthy
- Bad Guys
- On the side of Justice
- Respectable
- Helpful
- Cunning
- Internationally Active
- Feed Aspiration
- Air of Importance
- Kind
- Uneasy to Visit

Agree                  On balance,           Cannot say one
one          On balance,                Disagree
Way or the other             Disagree
2.1. Popular Images of Lawyers in Japan

Interpretation of the results (1)

In the perceptions of ordinary Japanese people, lawyers are:

- Not on the side of Ordinary Citizen, the Weak (i.e., minority, disadvantaged, and socially excluded), and the Justice.

⇔ Contrary to lawyers’ self-images

Japanese people are Not For or Against the statements:

- Lawyers are Respectable, Internationally Active, Hero of Aspiration, Kind, on the side of Bad Guys, and on the side of political Authority.

⇔ Very different from lawyers’ self-images

In the eyes of ordinary Japanese, lawyers are:

- On the side of Big Business, the Wealthy, and they are Cunning and Arrogant.

⇔ Contrary to lawyers’ self-images
2.1. Popular Images of Lawyers in Japan

Interpretation of the results (2)

Japanese ordinary people have perception that:

Lawyers are costly, people feel uneasy to ask lawyers for help, and feel hesitant to use because they are not sure how much it may cost.

⇔ Lawyers understand this social images of lawyers

Japanese ordinary people think lawyers as:

Helpful (useful), smart, highly paid, and social elites.

⇔ Lawyers understand this social images of lawyers

Japanese people want to lead lives that will not need to engage with lawyers and courts.

⇔ Lawyers understand this social images of lawyers
3. Perceived Social Status of Lawyers in Japan

We asked the people to compare various professions with lawyers, e.g., “Are governors of prefecture higher or lower in social status than lawyers?”

Professions compared with lawyer:

[Policy Maker] (1) Governors of Prefecture, (2) Mayors of City, (3) Members of Parliament, (4) Assembly Members of City,

[Private Business] (5) CEOs of Big Corporation, (6) CEOs of Midsize to Small Corporation, (7) Employees of Big Corporation, (8) Employees of Midsize to Small-size Corporation,

[Legal Profession and Law Enforcement] (9) Judges, (10) Prosecutors, (11) Police Officers,

[ Educator] (12) University Professors, (13) High School Teachers, (14) Teachers of Elementary School and Junior High School,

[Quasi-Legal Profession] (15) Judicial Scriveners, (16) Tax Accountants,

[Professional and Expert] (17) Medical Doctors, (18) National Public Servants (Bureaucrats)
3. Perceived Social Status of Lawyers in Japan
(* 5% statistically significant and ** 1% statistically significant difference with the number below)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Occupation</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>Governors of Prefecture</td>
<td>2.45*</td>
</tr>
<tr>
<td>(3)</td>
<td>Members of Parliament</td>
<td>2.51 **</td>
</tr>
<tr>
<td>(9)</td>
<td>Judges</td>
<td>2.90 **</td>
</tr>
<tr>
<td>(5)</td>
<td>CEOs of Big Corporation</td>
<td>3.14</td>
</tr>
<tr>
<td>(2)</td>
<td>Mayors of City</td>
<td>3.15 **</td>
</tr>
<tr>
<td>(10)</td>
<td>Prosecutors</td>
<td>3.40 **</td>
</tr>
<tr>
<td>(4)</td>
<td>Assembly Members of City</td>
<td>3.79</td>
</tr>
<tr>
<td>(17)</td>
<td>Medical Doctors</td>
<td>3.83 *</td>
</tr>
<tr>
<td>(12)</td>
<td>University Professors</td>
<td>3.88 *</td>
</tr>
<tr>
<td>(12)</td>
<td>LAWYERS</td>
<td>4.00</td>
</tr>
<tr>
<td>(6)</td>
<td>CEOs of Midsize to Small Corporation</td>
<td>4.05 **</td>
</tr>
<tr>
<td>(18)</td>
<td>National Public Servants</td>
<td>4.26 **</td>
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<tr>
<td>(11)</td>
<td>Police Officers</td>
<td>4.54 **</td>
</tr>
<tr>
<td>(16)</td>
<td>Tax Attorneys</td>
<td>4.64 **</td>
</tr>
<tr>
<td>(15)</td>
<td>Judicial Scriveners</td>
<td>4.68 **</td>
</tr>
<tr>
<td>(13)</td>
<td>High School Teachers</td>
<td>4.95</td>
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<tr>
<td>(7)</td>
<td>Employees of Big Corporation</td>
<td>4.97 **</td>
</tr>
<tr>
<td>(14)</td>
<td>Teachers of Elementary/Junior High School</td>
<td>5.11 **</td>
</tr>
<tr>
<td>(8)</td>
<td>Employees of Midsize to Small Corporation</td>
<td>5.43</td>
</tr>
</tbody>
</table>
4. Quality of Civil Legal Practice

4.0. Background

Increase of Lawyers => Pressure/Complaints from the Bar

1. Too Many Lawyers, Too Much Competition
2. Lawyer's Job Market has been Saturated, Difficult for Fresh Lawyers to Find a Job
3. The Quality of Lawyers has Precipitated: More Younger and Inexperienced Lawyers?

4.1. Problem Setting

How to Evaluate the Quality of Lawyers Objectively?

4.2. Method

Based upon the Methods Employed by Moorhead et al. (2001) and Moorhead et al. (2004).


4. Quality of Civil Legal Practice

4.3. Main Research: At Tokyo District Court (March 2010)

191 Civil Cases, 382 Lawyers at Tokyo District Court
- Excluding Default Judgments and Very Simple Cases
- Both Sides Represented by Lawyer

95 Experienced Lawyers as Evaluators Read Case Records
- Most Lawyers: 10 Years or more, Minimum: 5 Years of Practice
- One Case Record is Evaluated by Two Lawyers Independently

Basic Case Information Collected
- Party Description, Case Description, Procedure,
- Case Disposition,

Items Evaluated (both Lawyers for Plaintiff & Defendant)
- Which Side Prevailed, Complexity of Case (and
  Thickness of Record), Complaint/Answer, Briefs,
  Direct/Cross Examination, Overall Evaluation

(Mostly 7-Point-Likert-Scale)

※ Class Number of Lawyer: 1 = registered in 1948, 64 = 2011

※ Evaluation Scale: 1 —— 2 —— 3 —— 4 —— 5 —— 6 —— 7

Very Good     Good     Somewhat Good     Average     Somewhat Poor     Poor     Very Poor
4. Quality of Civil Legal Practice
4.4. Dataset and Evaluation Scores

(A) Basically Same Factors are Evaluated on Lawyers for Plaintiff and Defendant
⇒ \( 2 \times 191 = 382 \) Lawyers Evaluated

(B) Two Evaluators agree relatively well ⇒ Average Score for Each Evaluation.

<table>
<thead>
<tr>
<th>Plaintiff's Chief Lawyer</th>
<th>Defendant's Chief Lawyer</th>
<th>Chief Lawyer</th>
</tr>
</thead>
<tbody>
<tr>
<td>(B3) Brief 1: Legal Logic</td>
<td>(B3) Brief 1: Legal Logic</td>
<td>(B3) Brief 1: Legal Logic</td>
</tr>
<tr>
<td>(B4) Brief 2: Persuasiveness</td>
<td>(B4) Brief 2: Persuasiveness</td>
<td>(B4) Brief 2: Persuasiveness</td>
</tr>
<tr>
<td>(B5) Brief 3: Impact/Expression</td>
<td>(B5) Brief 3: Impact/Expression</td>
<td>(B5) Brief 3: Impact/Expression</td>
</tr>
<tr>
<td>(C) Legal Knowledge</td>
<td>(C) Legal Knowledge</td>
<td>(C) Legal Knowledge</td>
</tr>
<tr>
<td>(D) Understanding of the Facts</td>
<td>(D) Understanding of the Facts</td>
<td>(D) Understanding of the Facts</td>
</tr>
<tr>
<td>(E) Responsiveness to the Opponent</td>
<td>(E) Responsiveness to the Opponent</td>
<td>(E) Responsiveness to the Opponent</td>
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<tr>
<td>(F) Evidence Handling</td>
<td>(F) Evidence Handling</td>
<td>(F) Evidence Handling</td>
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<tr>
<td>(I1) Overall Contribution to the Case</td>
<td>(I1) Overall Contribution to the Case</td>
<td>(I1) Overall Contribution to the Case</td>
</tr>
<tr>
<td>(I2) Overall Ability and Skill</td>
<td>(I2) Overall Ability and Skill</td>
<td>(I2) Overall Ability and Skill</td>
</tr>
</tbody>
</table>
4. Quality of Civil Legal Practice

4.5. Results: Which Side Prevailed --- Win/Lose

<table>
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<th>(0)</th>
<th>(1)</th>
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<th>(3)</th>
<th>(4)</th>
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<tbody>
<tr>
<td>Defendant Prevailed</td>
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<td>Plaintiff Prevailed</td>
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**Judgment**

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</table>

**Judgment & Settlement (Merged)**

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<thead>
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<th>2.0</th>
<th>3.0</th>
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<th>6.0</th>
<th>7.0</th>
<th>8.0</th>
<th>9.0</th>
<th>10.0</th>
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**Settlement**

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</table>
4. Quality of Civil Legal Practice
4.6. Results: Quality of Civil Legal Practice (QCLP) and Win/Loss


Win/Lose: 0. Lose, ..., 10. Win

Correlation Coefficient

<table>
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<tr>
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<th>QCLP</th>
<th>0.Lose/10.Win</th>
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<tr>
<td></td>
<td>1.VGgood -- 7.VPoor</td>
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<tr>
<td>QCLP</td>
<td>r</td>
<td>1</td>
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<table>
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<tr>
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<th>0.Lose/10.Win</th>
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<tr>
<td>r</td>
<td>$-0.493^{**}$</td>
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<td>.000</td>
<td></td>
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<tr>
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<td>382</td>
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</table>

$: 1\%$-significant (2 tailed)

$\Rightarrow$ The Higher the Quality of Civil Legal Practice (QCLP), The Better Result the Lawyer Achieves.
4. Quality of Civil Legal Practice

4.7. Results: Quality of Civil Legal Practice (QCLP) and Experience/Age of Lawyers (Class Number @LTRI)

Class Number at Legal Training and Research Institute = Proxy for Experience and/or Age
1 = Class of 1948, ..., 64 = Class of 2011

⇒ The Younger and/or The Shorter-Experienced a Lawyer is, The Higher the Quality of Civil Legal Practice becomes.

<table>
<thead>
<tr>
<th></th>
<th>QCLP 1.VGood -- 7.VPoor</th>
<th>Class Year Number</th>
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</thead>
<tbody>
<tr>
<td><strong>QCLP</strong> 1.VGood -- 7.VPoor</td>
<td>r</td>
<td>1</td>
</tr>
<tr>
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<td>p</td>
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<td><strong>Class Year Number</strong></td>
<td>r</td>
<td>−.193**</td>
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<td>.000</td>
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</table>

**. 1% significant.
4. Quality of Civil Legal Practice
4.7. Results: QCLP and Class Number (@L TRI)

QCLP: 1. Very Good, ..., 7. Very Poor  
Class Number: 1 = Class of 1948, ..., 64 = Class of 2011

⇒ The Younger and/or The Shorter-Experienced a Lawyer is, 
The Higher the Quality of Civil Legal Practice becomes.
4. Quality of Civil Legal Practice

4.8. Why Young the Better?

(1) Better Lawyers are:

(A) Younger Lawyers, and/or
(B) Newer in the Business.

[Hypothesis not plausible: better and better people have been becoming lawyers for 65 years (only 500 from 1962 to 1990)]

(2) Reasons?

- More Time to Work on a Case?
- Fresher Legal Knowledge?
- Harder Work to Establish him/herself?
- Case Difference? Because Both Sides are Represented
  → Bigger and More Complex Cases
  → Only Brightest Young can Represent them?
- Older and Experienced mean Better at Corner-Cutting?

Caveat: Graduate Law School Graduates are not Included (Class# 6-60).
The First Began Practice in 2007, the research is in 2010.
5. Cabinet Surveys on Legal Service Market

5.0. Cabinet Decision on July 2013

A. Revoked the Former Cabinet Decision (March 2002)
   No longer committed to increase the lawyer population to 50,000 by the year 2018 by admitting 3,000 per year to the Bar.

B. Adopted the Evidence Based Approach
   Instead, Ordered to Gather Relevant Information on the Proper Number of Lawyers by the year 2015

5.1. Various Empirical Surveys

Mr. Naoyuki IWAI (judge) [Profs. Kyoko ISHIDA, Masahiko SAEKI and other scholars as advisers including Shozo OTA]

<table>
<thead>
<tr>
<th>Targets</th>
<th>N</th>
<th>Return Ratio</th>
<th>Survey Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Users of Legal Consultation by Bar Ass'n and Ho-Terasu (Legal Support Center)</td>
<td>9,888</td>
<td>49.40%</td>
<td>May 27-Aug. 27, 2014</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Distributed 20,000</td>
<td></td>
</tr>
<tr>
<td>(2) People (20+ years old) [Internet Survey]</td>
<td>4,031</td>
<td>N/A</td>
<td>June 27-July 4, 2017</td>
</tr>
<tr>
<td>(3) Large Corporations*</td>
<td>1,139</td>
<td>22.90%</td>
<td>June 27-Aug. 27, 2014</td>
</tr>
<tr>
<td>(4) Small to Medle Size Corporations**</td>
<td>800</td>
<td>26.70%</td>
<td>June 27-Aug. 27, 2014</td>
</tr>
<tr>
<td>(5) Local Government Agencies</td>
<td>762</td>
<td>76.20%</td>
<td>June 27-Aug. 27, 2014</td>
</tr>
<tr>
<td>(6) National Gov. Agencies/Ministries</td>
<td>48</td>
<td>N/A</td>
<td>July 29-Sept.22, 2014</td>
</tr>
</tbody>
</table>

* 5,000 Corps. with 100 employees or more and with capital of JPY100M or more [ca. US$1M].
** 3,000 Corps. with capital less than JPY100M. Sampled by considering the areas of business and the size of employees.
5. Cabinet Surveys on Legal Service Market

5.2. Some Results of the Cabinet Surveys

(A) On Legal Needs

a. People's Experience of Dispute/Trouble and Legal Service Demands

People (Internet): 20.7% experienced dispute/trouble and considered consulting a lawyer thereon, out of which 32.4% actually consulted.

Legal Consultee: More than 65% are willing to hire a lawyer.

b. Corporations' Legal Needs

62.9% of Large, and 32.0% of Small-to-Midsize Corporations: "Needs for lawyers have increased since 5 years ago."

93.4% of Large, and 63.7% of Small-to-Midsize Corporations: Already retain a lawyer/law firm on Monthly-Fee-Basis for legal advices.

45.5% of Small-to-Midsize Corporations without Regular Legal Advice Contract: "Because using other legal professionals such as Judicial Scrivener is sufficient enough."

c. Governmental Agencies' Legal Needs

Local Gov.: 58.1% = Needs for lawyers have increased since 5 years ago.

71.4% = Needs for lawyer will increase in the future.

85.9% = Retain a lawyer/law firm on Monthly-Fee-Basis.

Only 10.1% = Have an in-house lawyer.
5. Cabinet Surveys on Legal Service Market
5.2. Some Results of the Cabinet Surveys

(B) On Legal Costs: Field Experiment

Small-to-Midsize Corp. Cases: 1. Drafting Contract, 2. Payment for Overtime Work

Experimental Design: Manipulation on Legal Costs
A. Very Cheap, B. Cheap, C. In-Between, D. Expensive, E. Very Expensive

(*) Very Expensive: Actual legal fee claimed by most lawyers

Scale for Answer

<table>
<thead>
<tr>
<th></th>
<th>5</th>
<th>4</th>
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(C) Result 1: Internet Survey
Statistically Significant
- Drafting Will
- Divorce
5. Cabinet Surveys on Legal Service Market

5.2. Some Results of the Cabinet Surveys

(D) Result 2: Legal Consultee Statistically Significant - Division of Inheritance - Drafting Will - Payment of Debt - Divorce

(E) Result 3: Small-to-Midsize Corporations Statistically Significant - Drafting Contract
6. Conclusions

1. Justice Reform in the 21st Century Japan
   => Completely New Legal System

2. Introduction of US-Style Graduate Law School System
   => Inconsistent and Redundant (Faculty of Law, LTRI, Supp. Bar Exam)
   => Relatively Rapid but Modest Increase of Lawyers
   => Failure

3. Increase of Lawyers
   => New Areas of Legal Practice: In-house, Public Official Lawyers

4. New Bar Exam without Non-Law Subjects
   => Still Too Difficult
   => Sex Scandal and Fiasco

5. Popular Images of Lawyers [one-time survey]
   => Disliked Litigators
   => About Midsize Corp. CEO and Univ. Professor (Less than MD)

6. Increased Younger Lawyers [before LS Graduates]
   => Quality of Civil Legal Practice is Better

7. Legal Service Market
   => Demands for LS is Just Slowly Expanding
   => Price Elasticity of LS is not at all big.
The Changing Legal Services Market in Japan
On Failing Law Schools, Bar Exam Disasters, and Sex Scandal

Thank you very much for your attention.

March 2017
OTA Shozo (太田勝造)
Professor of Law
The University of Tokyo