Founded in 1691, Tokoji is a temple of the Obaku School of Japanese Zen Buddhism. It is one of the temples built by the Mori clan, lords of the town of Hagi and the Choshu domain (modern-day Yamaguchi Prefecture) during the Edo period (1603–1867).

The Mori were already devotees of the similar Rinzai School of Zen Buddhism when Obaku was brought from China during the mid-seventeenth century, and they quickly adopted the new school upon its arrival. They also began practicing a Chinese style of burial called *shobokuso* which mandates the separation of the graves of the odd and even generations. Starting with the third generation, the odd-numbered generations of Mori lords and their families were buried here at Tokoji alongside more than 500 stone lanterns. These lanterns were donated by their vassals as a show of loyalty. The first lord and the even-numbered lords are buried at Daishoin, another Mori clan temple on the other side of Hagi.

Within Tokoji's grounds are several nationally recognized Important Cultural Properties, including the outer gate (somon), main gate (sanmon), bell tower (shoro), and main hall (daiyu hoden). These buildings all represent a unique form of Chinese-influenced architecture, craftsmanship, and spirituality that make Tokoji singular among the Buddhist temples in Yamaguchi.