

**NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)**



'22 JUL 14 P2:03

SENATE

Senate Bill No. 612

RECEIVED BY: _____

Introduced by Senator Juan Miguel F. Zubiri

**AN ACT
PROTECTING CONSUMERS AND MERCHANTS ENGAGED IN INTERNET
TRANSACTIONS, CREATING FOR THIS PURPOSE THE E-COMMERCE BUREAU,
APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

The COVID-19 pandemic has forced us to make adjustments to the way we live. Being forced to self-isolate has given birth to a new form of connectedness – to the way a family shares a weekend meal or drinks over Zoom, or to the way friends enjoy a movie streamed over the internet instead of going out to the cinema. The past two years saw the world transition to remote work and virtual learning to online shopping and digital payments.

For Filipino entrepreneurs and consumers, the business unusual that started at the beginning of the pandemic as a result of the lockdown implemented all over the country has slowly shifted to today's business' new usual. The country saw an exponential growth in the number of online sellers as well as online shoppers; and consequently, a surge in the number of consumer complaints as well as seller complaints.

Recognizing the growth of ecommerce and the need to ensure that all goods and services transacted digitally be reliable, secure, accessible and fair to both consumers and sellers, this bill provides for a regulatory framework in the sale or exchange of goods, services or digital products whether between businesses, households, individuals, and other public or private organizations, conducted over the internet. The bill mandates the Department of Trade and Industry to have regulatory jurisdiction over e-marketplaces, e-retailers, online merchants, and other digital platforms that sell or allow the sale or exchange of goods, services or digital products. The proposed eCommerce Bureau under the Department shall serve as complaint desk to assist consumers.

In view of the foregoing, the passage of this bill is earnestly sought.

JUAN MIGUEL F. ZUBIRI



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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 **SECTION 1. *Short Title.*** – This Act shall be known as the “*Internet Transactions*
2 *Act of 2022*”.

3 **Sec. 2. *Declaration of Policy.*** – It is the policy of the State to promote the
4 growth of electronic commerce (e-commerce) in the country by building mutual trust
5 between online sellers and consumers. The State recognizes the growth of the digital
6 economy and the need to ensure that all goods and services transacted digitally be in
7 accordance with specifications, and be reliable, secure, and accessible to all consumers
8 for the purpose of increasing the productivity and efficiency of businesses. Towards these
9 ends, the State shall ensure sustainable and fair e-commerce business practices through
10 transparent and appropriate information disclosure, the maintenance and protection of
11 data privacy rights, and an emphasis on the paramount importance of product safety.
12 Likewise, the State shall provide meaningful access to effective mechanisms for the
13 resolution of any and all disputes involving e-commerce, including alternative dispute
14 resolution methods.

15 **Sec. 3. *Definition of Terms.*** – As used in this Act:

16 (a) *Compatibility* refers to the ability of the digital product to function with
17 hardware or software with which digital products of the same type are
18 normally used, without the need for any conversion;

19 (b) *Consumer-to-consumer transactions* refer to isolated transactions of an
20 individual or group of individuals with another individual or group of

- 1 individuals, done for personal, family, or household purposes, and not done
2 in the ordinary course of business of any of the parties to the transaction;
- 3 (c) *Goods* refer to tangible products which are primarily for personal, family,
4 household, or agricultural purposes which include, but are not limited to,
5 food, drugs, cosmetics, and devices;
- 6 (d) *Delivery Carrier* refers to any natural or juridical person engaged in the
7 business of providing personal delivery services of food, goods, documents,
8 or any other item from one person to another for compensation;
- 9 (e) *Devices* refer to equipment or mechanism designed to serve a special
10 purpose or perform a special function;
- 11 (f) *Digital Platforms* refer to internet intermediaries or businesses such as, but
12 not limited to, e-marketplaces, online delivery enterprises, transportation
13 booking, tourism booking, entertainment website and services, music
14 products and services, social media, advertising, education and learning
15 products, health websites and applications, labor services, among others,
16 that match, connect, or facilitate interactions and transactions by and
17 between any two or more parties to enable them to sell, exchange, share,
18 or transact in any convenient manner, goods, services and digital products;
- 19 (g) *Digital Products* refer to goods and services produced and supplied in digital
20 form such as, but not limited to, video, audio, applications, digital games,
21 and any and all other software that allows the consumer to create, process,
22 download, store, or access digital content, or allows the sharing of the
23 same, or any such other interaction with digital content provided by other
24 users of the service;
- 25 (h) *E-commerce Philippine Trustmark* refers to the mark approved by the E-
26 commerce Bureau signifying the legitimacy and verified status of an online
27 merchant and provides for consumer protection in online or e-commerce
28 transactions and, whenever applicable, accountability in case of consumer
29 complaints;
- 30 (i) *E-commerce or Online Transaction* refers to an exchange or transfer of
31 goods and services using the internet;
- 32 (j) *E-Marketplace* refers to a digital platform such as, but not limited to, eBay,
33 Amazon, Shopee, Lazada, Carousell, Facebook Marketplace, among others,
34 whose business is to connect online consumers and online merchants,
35 facilitating the exchange of information regarding products or services for
36 the purpose of entering into an e-commerce transaction such as the

1 purchase of goods and services, tangible or intangible, and which may or
2 may not provide information or services about payments and logistics;

3 (k) *E-Retailer* refers to a natural or juridical person engaged in selling products
4 or services, tangible, or intangible, directly to online consumers through his
5 own website or any other digital platform;

6 (l) *Interoperability* refers to the ability of the digital product to function with
7 hardware or software different from those with which the digital product of
8 the same type is normally used;

9 (m) *Online Consumer* refers to a natural or juridical person who may be a
10 purchaser, lessee, recipient, or a prospective purchaser, lessor, or recipient,
11 of goods and digital products sold, exchanged, leased, or transacted over
12 the internet;

13 (n) *Online Delivery Partner* refers to a delivery carrier that performs delivery
14 services through an online delivery service platform under contract with a
15 digital platform or an E-marketplace;

16 (o) *Online Delivery Service* refers to the delivery of food, parcels, or any other
17 item, contracted through a digital platform which may be an application,
18 website, webpage, social media account, or any similar means, operated by
19 an online delivery service platform;

20 (p) *Online Delivery Service Platform* refers to any natural or juridical person
21 engaged in providing online delivery service for a fee through any digital
22 platform; and,

23 (q) *Online Merchant* refers to any natural or juridical person selling or
24 manufacturing, or otherwise offers for sale or manufacture, any goods or
25 digital products in the ordinary course of business, either through an e-
26 marketplace, social media, website, application, or via any digital platform
27 over the internet.

28 **Sec. 4. Scope and Coverage.** – This Act shall apply to the sale or exchange of
29 goods, services or digital products in the course of trade or business whether between
30 businesses, households, individuals, and other public or private organizations, conducted
31 over the internet. Consumer to consumer internet transactions shall not be covered under
32 this Act.

33 **Sec. 5. E-commerce Bureau.** – The E-commerce Division created through DTI
34 Department Order No. 09-16 in accordance with Section 29 of Republic Act No. 8792 or
35 the “*Electronic Commerce Act of 2000*” is hereby abolished, and an E-commerce Bureau

1 under the Department of Trade and Industry (DTI) shall be created to perform the
2 following functions:

- 3 (a) Implement, monitor, and ensure compliance of the provisions of this Act;
- 4 (b) Mandate entities engaged in e-commerce to register with the Online
5 Business Registry;
- 6 (c) Formulate policies, plans, and programs to ensure the robust and dynamic
7 development of e-commerce;
- 8 (d) Identify regulatory gaps affecting the e-commerce sector that are not
9 sufficiently addressed by this Act or by existing laws or regulations, and
10 recommend appropriate executive or legislative measures that foster the
11 growth of the sector;
- 12 (e) Act as a virtual one-stop shop tasked to receive and address consumer
13 complaints on unresolved internet transactions between parties, facilitate
14 the speedy resolution of consumer complaints by the respective
15 government agency having jurisdiction over the same, and track complaints
16 referred to or initiated by it *motu proprio* to ensure the speedy and
17 appropriate action by the agency to which such matters pertain or otherwise
18 have been referred to;
- 19 (f) Coordinate with, or petition whenever appropriate, any entity, government
20 agency, or instrumentality to act on any matter related to e-commerce
21 consumer complaints;
- 22 (g) Monitor internet market behavior, consult with stakeholders and concerned
23 agencies to better understand e-commerce transactions, and prepare and
24 conduct periodic studies on the same; and
- 25 (h) Collaborate with the various departments of the national government and
26 the local government units (LGUs) in the implementation of projects and
27 programs promoting e-commerce, including information and education, as
28 well as in ensuring a policy regime that is proactive;

29 **Sec. 6. Composition of the Bureau.** – The Bureau shall be headed by a Director
30 who must have sufficient knowledge and background in e-commerce and online
31 transactions, and all the laws and processes related thereto. The Director shall be assisted
32 by three (3) Assistant Directors: for policy and administration, for enforcement, and for
33 operations.

34 The Director and all assistant Directors shall be appointed by the President, upon
35 the recommendation of the DTI Secretary, and must be career executive service officers

1 with at least five (5) years of government service and such relevant experience in e-
2 commerce development.

3 **Sec. 7. Online Business Registry (OBR).** – Within a period of one (1) year
4 from the effectivity of this Act, the Bureau shall, in coordination with the Department of
5 Information and Communications Technology (DICT), establish, maintain, and manage
6 an Online Business Registry (OBR) which shall provide consumers access to data and
7 information of e-marketplaces, e-retailers, online merchants, and such other digital
8 platforms engaged in the sale of goods, services, and digital products for purposes of
9 verifying their existence, confirming their identity, and other such relevant or needed
10 information.

11 **Sec. 8. Regulatory Jurisdiction of the DTI.** – For purposes of this Act, the DTI
12 shall exercise primary regulatory jurisdiction over e-marketplaces, e-retailers, online
13 merchants, and other digital platforms that sell or allow the sale or exchange of goods,
14 services or digital products, and are purposely availing of the Philippine market.

15 **Sec. 9. Authority to Issue Take-Down Order.** — Whenever the Bureau finds,
16 by its own initiative or upon petition of a consumer or other concerned party, that the
17 online sale of goods, services or digital products is violative of this Act, the “*Consumer*
18 *Act of the Philippines*”, or any other related laws, the DTI Secretary, in order to abate
19 any further violations, shall have the power to:

- 20 (a) Impose an order, as a form of penalty, directing that the violative online
21 product listing, webpage, business page, application, social media post,
22 profile, website or when applicable, any platform of the online merchant or
23 e-retailer related to the illegal product, be taken down, or the same be
24 made inaccessible in the Philippines, whether temporarily or permanently;
25 and
26 (b) Issue an advisory that no entity shall process any payments made to any
27 violating entity to ensure that the latter shall be rendered commercially
28 inoperative.

29 Provided that, the DTI Secretary may immediately issue a provisional take-down
30 order to prevent grave and irreparable injury to the public, when the following conditions
31 are present:

- 32 (a) When the DTI Secretary finds that a good, service or digital product is
33 imminently injurious, unsafe, or dangerous; or
34 (b) When the seller under investigation has been previously penalized under
35 this section.

1 Whenever the DTI Secretary orders the immediate take-down, recall, ban, or
2 seizure of an illegal product from public online sale or distribution, the seller, distributor,
3 manufacturer, or producer thereof shall be given an opportunity to be heard within forty-
4 eight (48) hours from the issuance of such order.

5 The take-down order, whether imposed as a penalty or provisionally granted, shall
6 be directed against the e-retailer, online merchant, or the owner or operator of the e-
7 marketplace or digital platform. Copies of the order shall likewise be served on entities
8 whose cooperation would be required for its enforcement such as but not limited to the
9 duly registered internet service provider involved, related payment gateways, and other
10 government agencies.

11 The DTI Secretary may revoke the take down order after hearing the explanation
12 submitted by the seller, distributor, manufacturer, or producer; in which case the order
13 revoking the take down order shall be served on the entities mentioned and in the same
14 manner stated in the preceding paragraphs.

15 **Sec. 10. Referral of Complaints.** – The Bureau shall refer any complaint it
16 receives involving violation of other laws committed in the course of an online or e-
17 commerce transaction to the appropriate regulatory authority for action. The Bureau shall
18 track the complaints or referrals made to other authorities and coordinate with them to
19 ensure that matters are duly resolved in accordance with Republic Act No. 11032,
20 otherwise known as the “*Ease of Doing Business and Efficient Government Service*
21 *Delivery Act of 2018*”.

22 **Sec. 11. Obligations of E-Marketplaces and other Digital Platforms.** –

23 (a) E-Marketplaces and e-commerce digital platforms shall ensure that their e-
24 commerce transactions shall:

- 25 (i) Be clearly identifiable as an e-commerce transaction;
26 (ii) Identify the person or persons on whose behalf the e-commerce
27 transaction is made; and
28 (iii) Identify any promotional offers including discounts, premiums, gifts,
29 and any promotional game or competition, and ensure that any
30 condition to qualify for them are easily accessible, and clearly set
31 forth.

32 (b) E-Marketplaces and e-commerce digital platforms shall require all online
33 merchants to submit the following, prior to listing with their platforms:

- 34 (i) Name of the online merchant accompanied by at least two (2) valid
35 government identification cards;
36 (ii) Geographic address where the online merchant is located;

1 (iii) Contact details of the online merchant which must include a mobile
2 or landline number and a valid e-mail address; and

3 (iv) In instances when the online merchant exercises a regulated
4 profession, the online merchant shall be required to submit details
5 of membership in any professional body or similar relevant institution
6 with which the online merchant is registered or otherwise is a
7 member of.

8 Except for the government identification cards mentioned under
9 Section 11(b)(i), the information required under this paragraph shall be
10 published or posted on the e-commerce platforms for transparency.

11 (c) E-Marketplaces and e-commerce digital platforms are mandated to maintain
12 a list of all online merchants registered under their platform, which shall be
13 regularly verified. This list shall be submitted to the Bureau and updated
14 every six (6) months.

15 (d) E-Marketplaces and e-commerce digital platforms shall not allow the sale of
16 regulated goods such as, but not limited to, chemicals, food, and drugs
17 without verifying the online merchant's compliance with regulatory permits
18 and licenses, sale procedures and limitations, and other relevant conditions
19 for the sale as may be imposed by any law or local government regulation.

20 **Sec. 12. Obligations of E-Retailers and Online Merchants.** – An e-retailer
21 or online merchant of goods, services or digital products, as defined under this Act, shall
22 exercise the following responsibilities:

23 (a) Ensure that the goods are received by the online consumer:

24 (i) In the same condition, type, quantity, and quality as described and
25 stated and, in applicable circumstances, possess the functionality,
26 compatibility, interoperability, and other features required by the
27 sales contract, fit for the purpose for which it was intended by its
28 nature;

29 (ii) In the same condition, type, quantity and quality of a sample,
30 picture, or model of the goods shown by the e-retailer or online
31 merchant upon request of the online consumer, or of additional
32 descriptions or specifications provided by the e-retailer or online
33 merchant upon inquiries made by the online consumer; and

34 (iii) It must also be fit for the particular purpose for which the online
35 consumer requires them, as communicated to the e-retailer or online

1 merchant at the time of the perfection of the contract, and which the
2 e-retailer or online merchant has accepted;

3 (b) All the goods shall:

4 (i) Be delivered together with its accessories including all other
5 packaging, installation inclusions, any user manual or other
6 instructions as advertised or as described, if applicable, with
7 relevant information stated in the packaging, printed or written in
8 Filipino and/or English; and

9 (ii) Possess qualities and performance capabilities including
10 functionality, compatibility, and interoperability that are standard
11 and normal in goods of the same type which the consumer may
12 expect given its nature and considering any public statement or
13 testimonial made by or on behalf of the e-retailer, online
14 merchant, or other persons in earlier links of the chain of
15 transactions, including the producer, unless the e-retailer or online
16 merchant shows that:

17 1. The e-retailer or online merchant was not, and could
18 not have been, reasonably aware of the statement in
19 question;

20 2. By the time of conclusion of the contract, the statement
21 had already been corrected; or

22 3. The decision to buy the goods could not have been
23 influenced by the statement.

24 (c) Where the e-retailer or online merchant is a digital product provider, it shall
25 ensure that the digital product has the qualities and performance features,
26 in relation to functionality, compatibility, interoperability, accessibility,
27 continuity, and security, which are standard and normal for a digital product
28 of the same type as advertised or described.

29 (d) Where the contract provides that the digital product is to be supplied or
30 made accessible to the online consumer over a period of time, the e-retailer
31 or online merchant may modify the digital product beyond what is necessary
32 for its maintenance, if the following conditions are met:

33 (i) The contract allows, and provides a valid reason for, such a
34 modification;

35 (ii) Such a modification is made without additional cost to the
36 consumer; and

1 (iii) The online consumer is informed in a clear and comprehensible
2 manner of the modification.

3 (e) Where the transaction involves a digital platform that offers a performance
4 of a service, the e-retailer or online merchant shall ensure the completion
5 of the same in accordance with the contract and as advertised.

6 (f) An e-retailer or an online merchant that operates its own digital platform
7 shall publish on its homepage the following:

8 (i) Name of the e-retailer or online merchant;

9 (ii) Geographic address where the e-retailer or online merchant is
10 located; and

11 (iii) Contact details of the e-retailer or online merchant which must
12 include a mobile or landline number and a valid e-mail address to
13 ensure direct and efficient communication with consumers.

14 This shall be submitted to the Bureau and must be accompanied by at
15 least two (2) government identification cards as valid proof of identity.

16 (g) Where the e-retailer or online merchant is an online delivery service
17 platform, it shall require its consumers to register by showing valid proof of
18 identity, and an e-mail address or mobile phone number.

19 (h) E-retailers or online merchants shall issue paper or electronic invoices or
20 receipts for all sales. An electronic invoice or receipt shall have the same
21 legal effect as a paper invoice or receipt.

22 Any agreement between the e-retailer or online merchant and the online consumer
23 is valid only if, at the time of the conclusion of the contract, the online consumer has
24 knowledge of the specific condition of the goods, services or digital products and has
25 expressly accepted such condition.

26 **Sec. 13. Rights and Obligations of Online Consumers. –**

27 (a) When the online merchant is liable to the consumer because of a lack of
28 conformity with the contract, the consumer may pursue any of the following
29 remedies:

30 (i) A repair or replacement of the goods or digital product which must
31 be completed within a reasonable time and without any significant
32 inconvenience to the consumer, taking into account the nature and
33 the purpose for which the consumer acquired such;

34 (ii) A proportionate reduction of the price if the consumer chooses to
35 keep the good or digital product despite the lack of conformity

1 with the contract, or the termination of the contract with
2 restitution of the price, in the following instances:

- 3 1. When repair or replacement is impossible or unlawful;
 - 4 2. The online merchant has not completed repair or
5 replacement within a reasonable time;
 - 6 3. When repair or replacement may cause significant
7 inconvenience to the consumer; or
 - 8 4. When the online merchant has declared, or it is equally
9 clear from the circumstances, that the online merchant
10 may not bring the goods or digital product in conformity
11 with the contract within a reasonable time;
- 12 (iii) When applicable, the consumer is entitled to withhold the
13 payment of any outstanding part of the purchase price until the
14 online merchant has brought the goods or digital product in
15 conformity with the contract;
- 16 (iv) The consumer is not entitled to a remedy to the extent that the
17 consumer has contributed to any ambiguity or lack of conformity
18 with the contract or its effects;
- 19 (v) When the online merchant remedies the lack of conformity with
20 the contract by replacement, the online merchant is entitled to
21 the return of the replaced goods or digital products at the online
22 merchant's expense, unless otherwise agreed upon by the
23 parties;
- 24 (vi) When the consumer had installed the goods or digital products
25 in a manner consistent with their nature and purpose, before the
26 lack of conformity with the contract became apparent, the costs
27 for the removal of the non-conforming goods or digital products,
28 the installation of the replacement and all associated costs shall
29 be for the account of the online merchant;
- 30 (vii) In case of goods or digital products that do not conform with the
31 contract, the consumer is not liable to pay for the use of the non-
32 conforming goods or digital products prior to its replacement;
- 33 (viii) The consumer may exercise the choice in the alternative between
34 repair or replacement of the purchased good or digital product,
35 unless such choice is impossible in which case the consumer may
36 choose to terminate the contract and return the item, and the

1 online merchant shall refund the full amount paid by the
2 consumer.

3 (b) Consumers of online delivery service platforms may hold delivery carriers
4 liable for damages if the latter fail to exercise due diligence and reasonable
5 care over the goods transported by them.

6 (c) To protect the rights of delivery carriers, it shall be unlawful for consumers
7 to:

8 (i) Cancel confirmed orders for the delivery of food or grocery items
9 when the said items have already been paid for by, or is already
10 in the possession of the online delivery partner or delivery
11 service, or is otherwise in transit to the consumer unless:

12 1. The consumer uses credit card services as a means for
13 the payment of the service and the payment will still be
14 credited notwithstanding the cancellation;

15 2. The consumer remits the reimbursement and payment
16 to the online delivery partner as a pre-condition for the
17 cancellation of the order; or

18 3. The delivery of goods will be or was delayed for at least
19 one (1) hour from the expected time of arrival due to
20 the fault or negligence of the online delivery partner or
21 delivery service.

22 (ii) Use the personal information of another person such as, but not
23 limited to, name, address, and contact number when registering
24 in online delivery service platforms;

25 (iii) Place an order under the name of another person, unless the
26 latter consented to the same, or placing an order using a fictitious
27 name and/or address; or

28 (iv) Unreasonably shame, demean, embarrass, or humiliate online
29 delivery partners.

30 **Sec. 14. Right to Terminate the Contract.** – If the goods or digital products
31 delivered do not conform to the contract, the consumer may exercise the right to
32 terminate the contract by giving notice to the online merchant. Where the lack of
33 conformity relates to only some of the goods or digital products delivered under the
34 contract, the consumer may terminate the contract only in relation to the non-conforming
35 goods or digital products and any such accessory acquired as an adjunct to the same.

1 When the consumer terminates a contract as a whole or in relation to some of the
2 non-conforming goods or digital products delivered:

- 3 (a) The online merchant shall reimburse to the consumer the price paid not
4 later than fourteen (14) days from receipt of the notice and without undue
5 delay whatsoever;
- 6 (b) Upon receipt of the reimbursement from the online merchant, the consumer
7 shall return, at the online merchant's expense, the goods or digital products
8 not later than fourteen (14) days from the receipt of the reimbursement
9 and without undue delay whatsoever, provided that the online merchant
10 may waive this requirement at any time;
- 11 (c) When the goods or digital products cannot be returned because of
12 destruction or loss, the consumer shall pay the monetary value which the
13 non-conforming goods or digital products would have had at the date when
14 the return was to be made had they been kept by the consumer without
15 destruction or loss until that date, unless the destruction or loss has been
16 caused by a lack of conformity of the goods or digital products with the
17 contract; and
- 18 (d) The consumer shall pay for a decrease in the value of the goods or digital
19 products only to the extent that the decrease in value exceeds depreciation
20 through regular use. The payment for decrease in value shall not exceed
21 the price paid for the goods or digital products.

22 **Sec. 15. Damages.** – The online merchant is liable for damages to the consumer
23 due to the lack of conformity with the contract of the goods or digital products: *Provided*,
24 that such becomes apparent within six (6) months from receipt of the said goods or digital
25 product.

26 No damages may be recovered from this Act after the lapse of two (2) years from
27 the time the consumer receives the goods or digital products.

28 **Sec. 16. Online Dispute Resolution.** – The DTI shall develop an Online Dispute
29 Resolution (ODR) platform which is a single point of entry for parties to e-commerce
30 transactions that are seeking out-of-court resolution of disputes when the platforms or
31 merchants fail to resolve or assist consumers with their concerns.

- 32 (a) The ODR shall be an interactive website accessible electronically and free
33 of charge. The DTI, through the Bureau, shall be responsible for its
34 operation, including its maintenance, funding, and data security. The ODR
35 platform must be user-friendly, easily accessible, and data privacy
36 compliant.

- 1 (b) The DTI shall establish a network of ODR contact points from different
2 government agencies involved in consumer complaints as specified in
3 Republic Act No. 7394, otherwise known as the "*Consumer Act of the*
4 *Philippines*", including the Department of Agriculture (DA), Department of
5 Tourism (DOT), and the Department of Health (DOH), among others. The
6 Intellectual Property Office of the Philippines (IPO) shall also be part of the
7 ODR network.
- 8 (c) Each agency shall have a designated ODR contact point whose name and
9 contact information are to be submitted to the DTI. The head of the agency
10 shall confer responsibility to the respective ODR contact points to ensure
11 that timely and competent support is provided to the resolution of
12 complaints and disputes submitted through the ODR platform.
- 13 (d) The ODR platform shall have the following functions:
- 14 (i) Provide an electronic form where alternative dispute resolution
15 entities shall transmit the information;
 - 16 (ii) Provide a feedback system that will allow parties to express their
17 views on the efficiency of the ODR platform and on the response
18 of the entity handling their dispute; and
 - 19 (iii) Make available to the public, general information on alternative
20 dispute resolution as a means of out-of-court dispute resolution
21 and the entities which are competent to deal with such disputes.
- 22 (e) The DTI shall ensure that the information on the website is accurate and
23 up to date.
- 24 (f) Online e-commerce platforms and online merchants shall provide on their
25 websites an electronic link to the DTI-ODR platform on their homepage.

26 **Sec. 17. Liability.** – An e-marketplace or e-commerce digital platform shall be
27 solidarily liable with its listed online merchant, after due notice and hearing, under the
28 following circumstances:

- 29 (a) If it fails to provide a mechanism for consumers to dispute, be refunded, or
30 validly cancel orders. For this purpose, refunds to cash-paying customers
31 should also be in cash;
- 32 (b) When the online e-commerce platform fails to properly resolve disputes,
33 refunds, or valid cancellation of orders of consumers within a reasonable
34 time;

1 (c) If it knows or should have known that the goods, services or digital products
2 sold are illegal, do not comply with existing laws, or otherwise infringe on
3 intellectual property rights;

4 (d) If it fails to take necessary measures to prevent or curtail the sale or
5 distribution of the products which are illegal, do not comply with existing
6 laws, or otherwise infringe on intellectual property rights within a
7 reasonable period.

8 Liability shall not attach to the e-marketplace or e-commerce digital
9 platform in instances when the illegality or infringing nature of the goods,
10 services or digital products advertised, offered for sale, or sold through e-
11 marketplace or e-commerce digital platform is not apparent, provided that:

12 (i) The online e-commerce platform offers a simple and
13 straightforward procedure for consumers, rights-holders, or
14 online merchants to report the existence of illegal or infringing
15 goods, services or digital products in the platform;

16 (ii) Consumers, rights-holders, and online merchants are properly
17 informed on the policy implementing such procedure;

18 (iii) Any report of illegal or infringing goods, services or digital
19 products shall be expeditiously acted upon through
20 investigations, suspensions, and take-down measures, if
21 necessary, by the platform;

22 (e) If the online e-commerce platform fails to comply with the requirements of
23 this Act involving the collection, publication, and submission of online
24 merchant information; and

25 (f) If the e-commerce platform operator fails, after notice, to act expeditiously
26 to remove, or disable access to, goods, services or digital products
27 appearing on their platform that they know or should have known to be
28 non-compliant with law, or otherwise infringe on intellectual property rights.

29 **Sec. 18. E-commerce Philippine Trustmark.** – To provide assurance of safety
30 and security in transactions over the internet, an e-commerce Philippine Trustmark shall
31 be developed for online merchants.

32 (a) A Trustmark and Trustmark Portal shall be created which shall be
33 administered and managed by the DTI.

34 (b) A Trustmark on the website of an online merchant signifies that the
35 company is committed to guarantee honesty, fairness, and integrity in

1 dealing with its customers, and is committed to refrain from engaging in
2 any illegal, fraudulent, unethical, or unfair business practices.

- 3 (c) In case of a complaint involving the purchase of their products or services,
4 online merchants with the Trustmark shall give consumers the option of
5 filing claims through the Trustmark portal, if the online merchant's customer
6 care service has not been able to resolve the issue.
- 7 (d) The Trustmark shall be linked to the DTI's online dispute resolution.
- 8 (e) The Trustmark shall be considered an official document for purposes of the
9 crime of falsification as defined under the Revised Penal Code and other
10 related laws. Any E-marketplace, e-retailer, online merchant, or e-
11 commerce digital platform that is found guilty of falsifying or forging the E-
12 commerce Philippine Trustmark, shall be subjected to a take-down order in
13 accordance with Section 9 of this Act.

14 **Sec. 19. Implementing Agencies, Rules, and Regulations.** – Within sixty
15 (60) days from the promulgation of this Act, the necessary rules and regulations shall be
16 formulated and issued by the DTI, in consultation with the DICT, IPO, DOH, the Food
17 and Drug Administration (FDA), and other relevant government agencies necessary for
18 the proper implementation of this Act.

19 **Sec. 20. Jurisdiction of Other Agencies.** – The agencies mentioned in Section
20 19 of this Act shall continue to exercise the powers and duties provided to them under
21 existing laws, unless repealed or modified accordingly.

22 **Sec. 21. Penalties.** –

- 23 (a) Any e-marketplace, e-retailer, online merchant or e-commerce digital
24 platform that is found guilty of any deceptive, unfair or unconscionable sales
25 act or practice as provided for under Republic Act No. 7394 or the
26 "Consumer Act of the Philippines" done through the internet, shall be
27 subjected to a take-down order in accordance with Section 9 of this Act. It
28 shall also be punished with a fine of not less than Fifty Thousand Pesos
29 (PhP50,000.00) but not more than Five Hundred Thousand Pesos
30 (PhP500,000.00), or an imprisonment of not less than five (5) months but
31 not more than (1) year, or both, upon the discretion of the court.
- 32 (b) Any e-marketplace, e-retailer, online merchant or e-commerce digital
33 platform that sells or allows the sale of illegal, or imminently injurious,
34 unsafe or dangerous goods, services or digital products shall be subject to
35 a take-down order in accordance with Section 9 of this Act. It shall also be
36 punished with:

- 1 (i) Imprisonment of one (1) year to three (3) years plus a fine
2 ranging from Fifty Thousand Pesos (PhP50,000.00) to One
3 Hundred Fifty Thousand pesos (PhP150,000.00) for the first
4 offense.
- 5 (ii) Imprisonment of three (3) years and one (1) day to six (6) years
6 plus a fine ranging from One Hundred Fifty Thousand Pesos
7 (PhP150,000.00) to Five Hundred Thousand Pesos
8 (PhP500,000.00) for the second offense.
- 9 (iii) Imprisonment of six (6) years and one (1) day to nine (9) years
10 plus a fine ranging from Five Hundred Thousand Pesos
11 (PhP500,000.00) to One Million Five Hundred Thousand Pesos
12 (PhP1,500,000.00) for the third and subsequent offenses.
- 13 (c) Any e-retailer or online merchant who shall willfully or unreasonably refuse
14 to provide the remedies under Section 13 (a), shall be subjected to a take-
15 down order in accordance with Section 9 of this Act, and be punished with
16 a fine not less than One Hundred Thousand Pesos (PhP100,000.00), but
17 not more than Three Hundred Thousand Pesos (PhP300,000.00), in addition
18 to the payment of the actual value of the goods or digital products involved.
- 19 (d) Any person who shall violate Section 13 (c) of this Act, shall be punished
20 with a penalty of arresto mayor or a fine not exceeding One Hundred
21 Thousand Pesos (PhP100,000), without prejudice to any other available
22 remedies under existing laws.

23 In case any violation of this Act is committed by a partnership, corporation or any
24 juridical entity, the President, the General Manager, and other officers, employees and
25 agents, who shall consent to, or shall knowingly tolerate such violation shall be criminally
26 liable.

27 **Sec. 22. Appropriations.** – The amount of Fifty Million Pesos
28 (PhP50,000,000.00) for the initial operation of the Bureau is hereby appropriated out of
29 any funds in the National Treasury not otherwise appropriated. Thereafter, such sum as
30 may be necessary for the continued implementation of this Act shall be included in the
31 annual General Appropriations Act.

32 **Sec. 23. Separability Clause.** – Should any provision or part of this Act be
33 declared unconstitutional or invalid, the other provisions and parts hereof, insofar as they
34 are separable from the invalid ones, shall remain in full force and effect.

1 **Sec. 24. Repealing Clause.** – All laws, decrees, orders, issuances, rules and
2 regulations or parts thereof which are inconsistent with this Act are hereby repealed or
3 modified accordingly.

4 **Sec. 25. Effectivity Clause.** – This Act shall take effect fifteen (15) days after
5 its publication in the *Official Gazette* or in at least two (2) newspapers of general
6 circulation.

Approved,