

22 SEP 21 P5:21

SENATE
S. No. 1341

RECEIVED BY: 

Introduced by Senator Loren B. Legarda

AN ACT
PROVIDING PROTECTION TO 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 Philippines is the fastest-growing market in the Southeast Asia region.¹ In 2020, e-commerce contributed PHP 599 billion, or 3.4%, to the country's gross domestic product (GDP). In 2021, its contribution reached PHP 1.1 trillion, exceeding the government's target of PHP 850 billion,² largely contributed by 73 million online active users.³ This year, the government's goal is to increase e-commerce revenue to PHP 1.2 trillion, or 5.5% of GDP.

Especially now, as we adjust to the new normal, the majority of Filipinos have come to depend on technology and digital connections in most aspects of their lives, whether for work, education, healthcare, commercial transactions, or even daily social interactions. The nation needs to capitalize on how the pandemic has grown its e-commerce sector. That is why the Department of Trade and Industry (DTI) intends to

¹ https://services.google.com/fh/files/misc/philippines_e_economy_sea_2021_report.pdf

² <https://www.pna.gov.ph/articles/1129015>

³ <https://www.trade.gov/country-commercial-guides/philippines-ecommerce>

take e-commerce in the country a step further by increasing the number of e-commerce companies from 500,000 in 2020 to 750,000 by 2021, and 1 million by 2022.⁴

As our economy recovers from the pandemic, it is vital that we take advantage of the country's fast-growing e-commerce to boost our economic growth. However, the adoption of e-commerce has led to a rise in customer complaints. Building trust is now our challenge.

This bill seeks to rise to this challenge by creating an environment founded on trust among consumers and merchants, and ultimately achieving sustainable growth. The proposed measure aims to establish mechanisms of redress and grievance that must be implemented by the public and private sectors if e-commerce is to prosper.

For our nation's e-commerce to be trusted, we must also promote values and ethics in all of our citizens, including customers and business owners alike.

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



LOREN LEGARDA

⁴ <https://www.manilatimes.net/2022/07/06/news/robust-growth-seen-for-e-commerce/1849954>

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

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

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

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

- 1 (a) “*Compatibility*” refers to the ability of the digital product to function with
2 hardware or software with which digital products of the same type are
3 normally used, without the need for any conversion;
- 4 (b) “*Consumer-to-consumer transactions*” refer to isolated transactions of an
5 individual or group of individuals with another individual or group of
6 individuals, done for personal, family, or household purposes, and not
7 done in the ordinary course of business of any of the parties to the
8 transaction;
- 9 (c) “*Goods*” refer to tangible products which are primarily for personal,
10 family, household, or agricultural purposes, such as but not limited to,
11 food, drugs, cosmetics, and devices;
- 12 (d) A “*Delivery Carrier*” refers to any natural or juridical person engaged in
13 the business of providing personal delivery services of food, goods,
14 documents, or any other item from one person to another for
15 compensation;
- 16 (e) “*Devices*” refers to equipment or mechanism designed to serve a special
17 purpose or perform a special function;
- 18 (f) “*Digital Platforms*” refers to internet intermediaries or businesses, such
19 as but not limited to, e-marketplaces, online delivery enterprises,
20 entertainment websites and services, music products and services, social
21 media, advertising, education, and learning products, health websites
22 and applications, and labor services, among others, that match, connect,
23 or facilitate interactions and transactions by and between any two or
24 more parties to enable them to sell, exchange, share, or transact in any
25 convenient manner, goods, services, and digital products;
- 26 (g) “*Digital Products*” refer to goods and services produced and supplied in
27 digital form, such as but not limited to, video, audio, applications,
28 digital games, and any and all other software that allows the consumer
29 to create, process, download, store, or access digital content, or allows
30 the sharing of the same, or any interaction with digital content provided
31 by other users of the service;

- 1 (h) *“E-commerce Philippine Trustmark”* refers to the mark approved by the E-
2 commerce Bureau that represents the legitimacy and verified status of
3 an online merchant and provides consumer protection in online or e-
4 commerce transactions, as well as accountability in the event of
5 consumer complaints;
- 6 (i) *“E-commerce or Online Transaction”* refers to the exchange or transfer of
7 goods and services using the internet;
- 8 (j) *“E-Marketplace”* refers to a digital platform, such as but not limited to,
9 eBay, Amazon, Shopee, Lazada, Carousell, and Facebook Marketplace,
10 among others, whose business is to connect online consumers and
11 online merchants, facilitating the exchange of information regarding
12 products or services for the purpose of entering into an e-commerce
13 transaction such as the purchase of goods and services, tangible or
14 intangible, and which may or may not provide information or services
15 about payments and logistics;
- 16 (k) *“E-Retailer”* refers to a natural or juridical person engaged in selling
17 products or services, tangible or intangible, directly to online consumers
18 through their own website or any digital platform;
- 19 (l) *“Interoperability”* refers to the ability of the digital product to function
20 with hardware or software different from those with which the digital
21 product of the same type is normally used;
- 22 (m) *“Online Consumer”* refers to a natural or juridical person who may be a
23 purchaser, lessee, recipient, or prospective purchaser, lessor, or
24 recipient of goods and digital products sold, exchanged, leased, or
25 transacted over the internet;
- 26 (n) *“Online Delivery Partner”* refers to a delivery carrier that performs
27 delivery services through an online delivery service platform under
28 contract with a digital platform or an e-marketplace;
- 29 (o) *“Online Delivery Service”* refers to the delivery of food, parcels, or any
30 item, contracted through a digital platform, which may be an
31 application, website, webpage, social media account, or similar means
32 operated by an online delivery service platform;

1 (p) "Online Delivery Service Platform" refers to any natural or juridical
2 person engaged in providing online delivery service for a fee through
3 any digital platform; and

4 (q) "Online Merchant" refers to any natural or juridical person selling or
5 manufacturing, or otherwise offering for sale or manufacturing, goods
6 or digital products in the ordinary course of business, either through
7 an e-marketplace, social media, website, application or via any digital
8 platform over the internet.

9 Sec. 4. *Scope and Coverage.* - This Act shall apply to the sale or exchange of
10 goods, services, or digital products in the course of trade or business conducted over
11 the internet, whether between businesses, households, individuals, or other public or
12 private organizations. Consumer-to-consumer internet transactions shall not be
13 covered under this Act.

14 Sec. 5. *Extra-Territorial Application.* - A person engaging in e-commerce who
15 purposefully avails of the Philippine market shall be deemed as doing business in the
16 Philippines and be subject to applicable Philippine laws and regulations, including
17 this Act. One who purposely avails of the Philippine market without establishing any
18 real or legal presence in the Philippines shall be required to notify the e-commerce
19 Bureau created under Section 7 of this Act for inclusion in the Online Business
20 Registry established under Section 11 of this Act, or may designate a resident agent
21 who shall be authorized to receive on their behalf notices or processes in any legal
22 proceeding in the Philippines. The accessibility of goods and services to consumers in
23 the Philippines shall be considered in ascertaining whether one engaged in e-
24 commerce is purposefully availing the Philippine market.

25 Sec. 6. *Equal Treatment of Online and Offline Commercial Activities.* - Unless
26 otherwise specified, this Act shall be construed to ensure that those who engage in e-
27 commerce may not enjoy any benefit that is more favorable, nor be placed at a
28 disadvantage, in relation to other enterprises that offer goods and services offline in
29 the Philippines.

30 Sec. 7. *E-commerce Bureau.* - The E-commerce Division created through
31 Department of Trade and Industry (DTI) Department Order No. 09-16 in accordance
32 with Section 29 of Republic Act No. 8792, or the "Electronic Commerce Act of 2000,"

1 is hereby abolished, and an E-commerce Bureau under DTI shall be created to perform
2 the following functions:

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

30 In the exercise of the above-stated functions, the Bureau, in coordination with
31 other government agencies, may convene public consultations or inter-agency

1 meetings to ensure multi-stakeholder input in the development of e-commerce
2 policies.

3 Government agencies and instrumentalities involved in the maintenance and
4 development of the internet infrastructure of the Philippines, such as the Department
5 of Information and Communications Technology (DICT) and the National
6 Telecommunications Commission (NTC), shall cooperate with the Bureau on issues
7 within their respective regulatory jurisdiction that affect the conduct of e-commerce.

8 Sec. 8. *Composition of the Bureau.* – The Bureau shall be headed by a Director
9 who must have sufficient knowledge and background in e-commerce and online
10 transactions and all the laws and processes related thereto. Three (3) Assistant
11 Directors will assist the Director with policy and administration, enforcement, and
12 operations.

13 The Director and all assistant directors shall be appointed by the President,
14 upon the recommendation of the DTI Secretary, and must be career executive service
15 officers with at least five (5) years of government service and relevant experience in e-
16 commerce development.

17 Sec. 9. *Subpoena.* – In the exercise of its powers under this Act, the Director of
18 the Bureau shall have the power to issue summons, *subpoena ad testificandum*, and
19 *subpoena duces tecum* to alleged violators or witnesses to compel their attendance and
20 the production of documents in investigations or proceedings before the Bureau.

21 The failure to comply with a *subpoena ad testificandum* or *subpoena duces tecum*
22 shall authorize the filing of a case for indirect contempt under the Rules of Court with
23 the Regional Trial Court (RTC). A certification duly issued by the Bureau that a
24 respondent to the *subpoena ad testificandum* or *subpoena duces tecum* refuses to comply
25 with the same, despite due notice, shall be sufficient evidence to authorize the RTC to
26 cite the respondent with contempt. The RTC shall likewise have the authority to issue
27 any such order or relief, including imprisonment, in order to compel compliance with
28 the *subpoena ad testificandum* or *subpoena duces tecum*. The RTC may, in addition, also
29 issue a *subpoena ad testificandum* or *subpoena duces tecum* addressed to the respondents
30 identical to the one subject of the complaint.

31 Sec. 10. *Authority to Promulgate Rules and Regulations.* – As the focal authority of
32 the National Government for the development of policies and strategies for the

1 growth of e-commerce, the Bureau shall have the authority to promulgate rules and
2 regulations covering areas or activities concerning e-commerce and to impose fines to
3 compel compliance with such rules. The grant of this rule-making authority to the
4 Bureau shall be ancillary to any duly constituted regulatory jurisdiction granted or
5 that may be granted to other government agencies by law, including Executive Order
6 No. 292, series of 1987, instituting the "Administrative Code of 1987," Republic Act
7 No. 7394, otherwise known as the "Consumer Act of the Philippines," Republic Act
8 No. 7653, as amended, otherwise known as "The New Central Bank Act," Republic
9 Act No. 8293, as amended, otherwise known as the "Intellectual Property Code of the
10 Philippines," Republic Act No. 8799, otherwise known as the "Securities Regulation
11 Code," Republic Act No. 9239, otherwise known as the "Optical Media Act of 2003,"
12 Republic Act No. 9593, otherwise known as the "Tourism Act of 2009," Republic Act
13 No. 10173, otherwise known as the "Data Privacy Act of 2012," Republic Act No.
14 10667, otherwise known as the "Philippine Competition Act," Republic Act No. 11127,
15 otherwise known as "The National Payment Systems Act," and Republic Act No.
16 11232, otherwise known as the "Revised Corporation Code".

17 The Bureau shall defer the exercise of rule-making power to the above-listed
18 government agencies conferred by law with regulatory jurisdictions over e-commerce
19 providers or platforms unless the other agency declines to exercise its jurisdiction or
20 does not act in a timely manner.

21 *Sec. 11. Online Business Registry (OBR).* – Within a period of one (1) year from
22 the effectivity of this Act, the Bureau shall, in coordination with the DICT, establish,
23 maintain, and manage an Online Business Registry (OBR) which shall provide
24 consumers access to data and information of e-marketplaces, e-retailers, online
25 merchants, and other digital platforms engaged in the sale of goods, services, and
26 digital products for purposes of verifying their existence, confirming their identity,
27 and other relevant or needed information.

28 *Sec. 12. Regulatory Jurisdiction of the Department of Trade and Industry.* – For the
29 purposes of this Act, the DTI shall have primary regulatory authority over e-
30 marketplaces, e-retailers, online merchants, and other digital platforms that sell or
31 allow the sale or exchange of goods, services, or digital products and are intentionally
32 targeting the Philippine market.

1 Sec. 13. *Authority to Issue Take-Down Order.* — Whenever the Bureau finds, by
2 its own initiative or upon petition of a consumer or other concerned party, that the
3 online sale of goods, services, or digital products is violative of this Act, the
4 “Consumer Act of the Philippines,” or other related laws, the DTI Secretary, in order
5 to abate further violations, shall have the power to:

6 (a) Impose an order, as a form of penalty, directing that the violative online
7 product listing, webpage, business page, application, social media post,
8 profile, website, or, when applicable, any platform of the online
9 merchant or e-retailer related to the illegal product be taken down, or
10 the same be made inaccessible in the Philippines, whether temporarily
11 or permanently; and

12 (b) Issue an advisory that no entity shall process payments made to any
13 violating entity to ensure that the latter shall be rendered commercially
14 inoperative.

15 *Provided, That, the DTI Secretary may immediately issue a provisional take-*
16 *down order to prevent grave and irreparable injury to the public, when the following*
17 *conditions are present:*

18 (a) When the DTI Secretary finds that a good, service or digital product is
19 imminently injurious, unsafe, or dangerous; or

20 (b) When the seller under investigation has been previously penalized
21 under this Section.

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

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

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

5 Sec. 14. *Cease and Desist Order.* – The DTI Secretary, upon due notice and
6 hearing, shall have the power to issue an order directing a website, webpage, online
7 application, social media account, or other similar platform operating to the grave and
8 irreparable prejudice of a consumer or a rights holder, to desist from marketing or
9 offering goods or services that are accessible in the Philippines, and directing that no
10 payments shall be made to any entity which is marketing or offering such goods or
11 services in violation of this Act, the Consumer Act of the Philippines, or any other
12 related trade or consumer laws.

13 The cease and desist order shall remain in effect for a maximum of thirty (30)
14 days unless otherwise extended or made permanent by a judicial order or decision.

15 Sec. 15. *Referral of Complaints.* – The Bureau shall refer any complaint it receives
16 involving violations of other laws committed in the course of an online or e-commerce
17 transaction to the appropriate regulatory authority for action. The Bureau shall track
18 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. 16. *Obligations of E-Marketplaces and other Digital Platforms.* –

23 (a) E-marketplaces and e-commerce digital platforms shall ensure that their
24 e-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 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.

1 (b) E-marketplaces and e-commerce digital platforms shall require all
2 online merchants to submit the following, prior to listing with their
3 platforms:

4 (i) Name of the online merchant accompanied by at least two (2)
5 valid government identification cards;

6 (ii) Geographic address where the online merchant is located;

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

9 (iv) In instances when the online merchant exercises a regulated
10 profession, the online merchant shall be required to submit
11 details of membership in any professional body or similar
12 relevant institution with which the online merchant is registered
13 or otherwise is a member of.

14 Except for the government identification cards mentioned under
15 Section 16(b)(i), the information required under this paragraph shall be
16 published or posted on the e-commerce platforms for transparency.

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

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

27 *Sec. 17. Obligations of E-Retailers and Online Merchants.* – An e-retailer or online
28 merchant of goods, services, or digital products, as defined under this Act, shall
29 exercise the following responsibilities:

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

31 (i) In the same condition, type, quantity, and quality as described
32 and stated and, in applicable circumstances, possess the

1 functionality, compatibility, interoperability, and other features
2 required by the sales contract, fit for the purpose for which it was
3 intended by its nature;

4 (ii) In the same condition, type, quantity, and quality of a sample,
5 picture, or model of the goods shown by the e-retailer or online
6 merchant upon request of the online consumer, or of additional
7 descriptions or specifications provided by the e-retailer or online
8 merchant upon inquiries made by the online consumer; and

9 (iii) It must fit the particular purpose for which the online consumer
10 requires them, as communicated to the e-retailer or online
11 merchant at the time of the perfection of the contract, and which
12 the e-retailer or online merchant has accepted;

13 (b) All the goods shall:

14 (i) Be delivered together with its accessories including all other
15 packaging, installation inclusions, any user manual, or other
16 instructions as advertised or as described, if applicable, with the
17 relevant information stated in the packaging, printed, or written
18 in Filipino and/or English; and

19 (ii) Possess qualities and performance capabilities including
20 functionality, compatibility, and interoperability that are
21 standard and normal in goods of the same type which the
22 consumer may expect given its nature and considering any
23 public statement or testimonial made by or on behalf of the e-
24 retailer, online merchant, or other persons in earlier links of the
25 chain of transactions, including the producer, unless the e-
26 retailer or online merchant shows that:

27 (1) The e-retailer or online merchant was not, and could not
28 have been, reasonably aware of the statement in
29 question;

30 (2) By the time of conclusion of the contract, the statement
31 had already been corrected; or

1 (3) The decision to buy the goods could not have been
2 influenced by the statement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 *Sec. 18. Rights and Obligations of Online Consumers. -*

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

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

20 (ii) A proportionate reduction of the price if the consumer chooses to
21 keep the good or digital product despite the lack of conformity
22 with the contract, or the termination of the contract with
23 restitution of the price, in the following instances:

- 24 (1) When repair or replacement is impossible or unlawful;
- 25 (2) The online merchant has not completed repair or
26 replacement within a reasonable time;
- 27 (3) When repair or replacement may cause significant
28 inconvenience to the consumer; or
- 29 (4) When the online merchant has declared, or it is equally
30 clear from the circumstances, that the online merchant
31 may not bring the goods or digital product in conformity
32 with the contract within a reasonable time;

- 1 (iii) When applicable, the consumer is entitled to withhold payment
2 of any outstanding part of the purchase price until the online
3 merchant has brought the goods or digital product in conformity
4 with the contract;
- 5 (iv) The consumer is not entitled to a remedy to the extent that the
6 consumer has contributed to any ambiguity or lack of conformity
7 with the contract or its effects;
- 8 (v) When the online merchant remedies the lack of conformity with
9 the contract by replacement, the online merchant is entitled to the
10 return of the replaced goods or digital products at the online
11 merchant's expense, unless otherwise agreed upon by the parties;
- 12 (vi) When the consumer had installed the goods or digital products
13 in a manner consistent with their nature and purpose before the
14 lack of conformity with the contract became apparent, the costs
15 for the removal of the non-conforming goods or digital products,
16 the installation of the replacement and all associated costs shall
17 be for the account of the online merchant;
- 18 (vii) In case of goods or digital products that do not conform with the
19 contract, the consumer is not liable to pay for the use of the non-
20 conforming goods or digital products prior to their replacement;
21 or
- 22 (viii) The consumer may exercise the choice in the alternative between
23 repair or replacement of the purchased good or digital product
24 unless such choice is impossible in which case the consumer may
25 choose to terminate the contract and return the item, and the
26 online merchant shall refund the full amount paid by the
27 consumer.
- 28 (b) Consumers of online delivery service platforms may hold delivery
29 carriers liable for damages if the latter fails to exercise due diligence and
30 reasonable care over the goods transported by them.
- 31 (c) To protect the rights of delivery carriers, it shall be unlawful for
32 consumers to:

- 1 (i) Cancel confirmed orders for the delivery of food or grocery items
2 when the said items have already been paid for by, or are already
3 in the possession of the online delivery partner or delivery
4 service or are otherwise in transit to the consumer unless:
5 (1) The consumer uses credit card services as a means for
6 the payment of the service and the payment will still be
7 credited notwithstanding the cancellation;
8 (2) The consumer remits the reimbursement and payment
9 to the online delivery partner as a pre-condition for the
10 cancellation of the order; or
11 (3) The delivery of goods will be or was delayed for at least
12 one (1) hour from the expected time of arrival due to the
13 fault or negligence of the online delivery partner or
14 delivery service.
- 15 (ii) Use the personal information of another person such as, but not
16 limited to, name, address, and contact number when registering
17 in online delivery service platforms;
- 18 (iii) Place an order under the name of another person, unless the latter
19 consented to the same, or placing an order using a fictitious name
20 and/or address; or
- 21 (iv) Unreasonably shame, demean, embarrass, or humiliate online
22 delivery partners.

23 *Sec. 19. Right to Terminate the Contract.* - If the goods or digital products
24 delivered do not conform to the contract, the consumer may exercise the right to
25 terminate the contract by giving notice to the online merchant. Where the lack of
26 conformity relates to only some of the goods or digital products delivered under the
27 contract, the consumer may terminate the contract only in relation to the non-
28 conforming goods or digital products and any such accessory acquired as an adjunct
29 to the same. When the consumer terminates a contract as a whole or in relation to
30 some of the non-conforming goods or digital products delivered:

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

20 Sec. 20. *Damages.* - The online merchant is liable for damages to the consumer
21 due to the lack of conformity with the contract of the goods or digital products:
22 *Provided*, that such becomes apparent within six (6) months from receipt of the said
23 goods or digital product.

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

26 Sec. 21. *Online Dispute Resolution.* - The DTI shall develop an Online Dispute
27 Resolution (ODR) platform which is a single point of entry for parties to e-commerce
28 transactions that are seeking out-of-court resolution of disputes when the platforms
29 or merchants fail to resolve or assist consumers with their concerns.

- 30 (a) The ODR shall be an interactive website accessible electronically and
31 free of charge. The DTI, through the Bureau, shall be responsible for its
32 operation, including its maintenance, funding, and data security. The

1 ODR platform must be user-friendly, easily accessible, and data privacy
2 compliant.

3 (b) The DTI shall establish a network of ODR contact points from different
4 government agencies involved in consumer complaints as specified in
5 Republic Act No. 7394, otherwise known as the "Consumer Act of the
6 Philippines," including the Department of Agriculture (DA),
7 Department of Tourism (DOT), and the Department of Health (DOH),
8 among others. The Intellectual Property Office of the Philippines (IPO)
9 shall also be part of the ODR network.

10 (c) Each agency shall have a designated ODR contact point whose name
11 and contact information are to be submitted to the DTI. The head of the
12 agency shall confer responsibility to the respective ODR contact points
13 to ensure that timely and competent support is provided to the
14 resolution of complaints and disputes submitted through the ODR
15 platform.

16 (d) The ODR platform shall have the following functions:

17 (i) Provide an electronic form where alternative dispute resolution
18 entities shall transmit the information;

19 (ii) Provide a feedback system that will allow parties to express their
20 views on the efficiency of the ODR platform and on the response
21 of the entity handling their dispute; and

22 (iii) Make available to the public, general information on alternative
23 dispute resolution as a means of out-of-court dispute resolution
24 and the entities which are competent to deal with such disputes.

25 (e) The DTI shall ensure that the information on the website is accurate and
26 up to date.

27 (f) Online e-commerce platforms and online merchants shall provide on
28 their websites an electronic link to the DTI-ODR platform on their
29 homepage.

30 Sec. 22. *Liability.* – An e-marketplace or e-commerce digital platform shall be
31 solidarily liable to its listed online merchant, after due notice and hearing, under the
32 following circumstances:

- 1 (a) If it fails to provide a mechanism for consumers to dispute, be refunded,
2 or validly cancel orders. For this purpose, refunds to cash-paying
3 customers should also be in cash;
- 4 (b) When the online e-commerce platform fails to properly resolve disputes,
5 refunds, or valid cancellation of orders of consumers within a
6 reasonable time;
- 7 (c) If it knows or should have known that the goods, services or digital
8 products sold are illegal, do not comply with existing laws, or otherwise
9 infringe on intellectual property rights;
- 10 (d) If it fails to take necessary measures to prevent or curtail the sale or
11 distribution of the products which are illegal, do not comply with
12 existing laws, or otherwise infringe on intellectual property rights
13 within a reasonable period. Liability shall not attach to the e-
14 marketplace or e-commerce digital platform in instances when the
15 illegality or infringing nature of the goods, services or digital products
16 advertised, offered for sale, or sold through e-marketplace or e-
17 commerce digital platform is not apparent: *Provided, That:*
- 18 (i) The online e-commerce platform offers a simple and
19 straightforward procedure for consumers, rights-holders, or
20 online merchants to report the existence of illegal or infringing
21 goods, services, or digital products on the platform;
- 22 (ii) Consumers, rights-holders, and online merchants are properly
23 informed on the policy implementing such procedure; and
- 24 (iii) Any report of illegal or infringing goods, services or digital
25 products shall be expeditiously acted upon through
26 investigations, suspensions, and take-down measures, if
27 necessary, by the platform;
- 28 (e) If the online e-commerce platform fails to comply with the requirements
29 of this Act involving the collection, publication, and submission of
30 online merchant information; and
- 31 (f) If the e-commerce platform operator fails, after notice, to act
32 expeditiously to remove, or disable access to, goods, services or digital

1 products appearing on their platform that they know or should have
2 known to be non-compliant with law, or otherwise infringe on
3 intellectual property rights.

4 Sec. 23. *Digital Payments.* – E-commerce platform operators and online
5 merchants shall issue the appropriate paper or electronic invoices or receipts for all
6 sales in accordance with relevant internal revenue laws and regulations. An electronic
7 invoice or receipt shall have the same legal effect as a physical invoice or receipt.

8 The DTI, through the Bureau, shall, in coordination with the Bangko Sentral ng
9 Pilipinas (BSP), the BIR, the Bureau of Customs (BOC), the Department of Justice
10 (DOJ), the Philippine National Police (PNP), the DICT, and the NTC, issue rules and
11 regulations to modernize and streamline the regulatory framework and encourage the
12 adoption of electronic payment systems by the citizenry. The DTI shall also develop
13 guidelines to protect merchants and consumers covering the various digital payment
14 solutions.

15 Sec. 24. *E-commerce Philippine Trustmark.* – To provide assurance of safety and
16 security in transactions over the internet, an e-commerce Philippine Trustmark shall
17 be developed for online merchants.

- 18 (a) A Trustmark and Trustmark Portal shall be created which shall be
19 administered and managed by the DTI.
- 20 (b) A Trustmark on the website of an online merchant signifies that the
21 company is committed to guaranteeing honesty, fairness, and integrity in
22 dealing with its customers, and is committed to refrain from engaging in
23 any illegal, fraudulent, unethical, or unfair business practices.
- 24 (c) In case of a complaint involving the purchase of their products or services,
25 online merchants with the Trustmark shall give consumers the option of
26 filing claims through the Trustmark portal, if the online merchant's
27 customer care service has not been able to resolve the issue.
- 28 (d) The Trustmark shall be linked to the DTI's online dispute resolution.
- 29 (e) The Trustmark shall be considered an official document for purposes of the
30 crime of falsification as defined under the Revised Penal Code and other
31 related laws. Any E-marketplace, e-retailer, online merchant, or e-
32 commerce digital platform that is found guilty of falsifying or forging the

1 E-commerce Philippine Trustmark, shall be subjected to a take-down order
2 in accordance with Section 13 of this Act.

3 Sec. 25. *Implementing Rules and Regulations.* – Within sixty (60) days from the
4 promulgation of this Act, the necessary rules and regulations shall be formulated and
5 issued by the DTL, in consultation with the DICT, IPO, DOH, the Food and Drug
6 Administration (FDA), and other relevant government agencies necessary for the
7 proper implementation of this Act.

8 Sec. 26. *Jurisdiction of Other Agencies.* – The agencies mentioned in Section 25 of
9 this Act shall continue to exercise the powers and duties provided to them under
10 existing laws, unless repealed or modified accordingly.

11 Sec. 27. *Penalties.* –

12 (a) Any e-marketplace, e-retailer, online merchant or e-commerce digital
13 platform that is found guilty of any deceptive, unfair or unconscionable
14 sales act or practice as provided for under Republic Act No. 7394, or the
15 “Consumer Act of the Philippines,” done through the internet, shall be
16 subjected to a take-down order in accordance with Section 13 of this Act.
17 It shall also be punished with a fine of not less than Fifty Thousand Pesos
18 (Php 50,000.00) but not more than Five Hundred Thousand Pesos (Php
19 500,000.00), or an imprisonment of not less than five (5) months but not
20 more than (1) year, or both, upon the discretion of the court.

21 (b) Any e-marketplace, e-retailer, online merchant or e-commerce digital
22 platform that sells or allows the sale of illegal, or imminently injurious,
23 unsafe or dangerous goods, services or digital products shall be subject
24 to a take-down order in accordance with Section 13 of this Act. It shall
25 also be punished with:

26 (i) Imprisonment of one (1) year to three (3) years plus a fine ranging
27 from Fifty Thousand Pesos (Php 50,000.00) to One Hundred Fifty
28 Thousand pesos (Php 150,000.00) for the first offense.

29 (ii) Imprisonment of three (3) years and one (1) day to six (6) years
30 plus a fine ranging from One Hundred Fifty Thousand Pesos
31 (Php 150,000.00) to Five Hundred Thousand Pesos (Php
32 500,000.00) for the second offense.

1 (iii) Imprisonment of six (6) years and one (1) day to nine (9) years
2 plus a fine ranging from Five Hundred Thousand Pesos (Php
3 500,000.00) to One Million Five Hundred Thousand Pesos (Php
4 1,500,000.00) for the third and subsequent offenses.

5 (c) Any e-retailer or online merchant who shall willfully or unreasonably
6 refuse to provide the remedies under Section 18(a), shall be subjected to
7 a take-down order in accordance with Section 13 of this Act, and be
8 punished with a fine not less than One Hundred Thousand Pesos (Php
9 100,000.00), but not more than Three Hundred Thousand Pesos (Php
10 300,000.00), in addition to the payment of the actual value of the goods
11 or digital products involved.

12 (d) Any person who shall violate Section 18(c) of this Act, shall be punished
13 with a penalty of *arresto mayor* or a fine not exceeding One Hundred
14 Thousand Pesos (Php 100,000.00), without prejudice to any other
15 available remedies under existing laws.

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

20 Sec. 28. *Oversight Committee.* - There is hereby created a Congressional
21 Oversight Committee, hereinafter referred to as the Internet Transactions Act
22 Congressional Oversight Committee, to be composed of five (5) members from the
23 Senate, which shall include the Chairpersons of the Senate Committees on Trade,
24 Commerce and Entrepreneurship, Science and Technology, and Finance, and five (5)
25 members from the House of Representatives, which shall include the Chairpersons of
26 the House of Representatives Committees on Trade and Industry, Information and
27 Communications Technology, and Appropriations. The Internet Transactions Act
28 Congressional Oversight Committee shall be jointly chaired by the Chairpersons of
29 the Senate Committee on Trade and Commerce and the House of Representatives
30 Committee on Trade and Industry. It shall meet at least every quarter of the first two
31 years and every semester for the third year after the approval of this Act to review the
32 implementation of this Act, evaluate the Bureau on its functions as the lead agency,

1 determine any inherent weaknesses in the law, and recommend the necessary
2 remedial legislation or executive measures: *Provided*, That the Internet Transactions
3 Act Congressional Oversight Committee shall cease to exist after five (5) years upon
4 the effectivity of this Act.

5 The Secretariat of the Internet Transactions Act Congressional Oversight
6 Committee shall be drawn from the existing personnel of the Senate and House of
7 Representatives Committees comprising the Internet Transactions Act Congressional
8 Oversight Committee.

9 *Sec. 29. Transitory Provisions.* – To ensure the continued implementation of
10 programs to promote e-commerce, the current E-commerce Division shall continue to
11 exercise its functions until such time that the organizational structure and personnel
12 of the Bureau have been determined and approved.

13 All affected officers and personnel of the E-commerce Division shall be
14 absorbed by the Bureau without demotion in rank or diminution of salaries, benefits,
15 and other privileges.

16 *Sec. 30. Appropriations.* – The amount of Fifty Million Pesos (Php 50,000,000.00)
17 for the initial operation of the Bureau is hereby appropriated out of funds in the
18 National Treasury not otherwise appropriated. Thereafter, such sum as may be
19 necessary for the continued implementation of this Act shall be included in the annual
20 General Appropriations Act.

21 *Sec. 31. Separability Clause.* – Should any provision or part of this Act be
22 declared unconstitutional or invalid, the other provisions and parts hereof, insofar as
23 they are separable from the invalid ones, shall remain in full force and effect.

24 *Sec. 32. Repealing Clause.* – All laws, decrees, executive orders, rules and
25 regulations, issuances, or parts thereof inconsistent with the provisions of this Act are
26 hereby repealed, amended, or modified accordingly.

27 *Sec. 33. Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
28 complete publication either in the Official Gazette or in at least two (2) newspapers of
29 general circulation.

Approved,