

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



Senate
Office of the Secretary

22 OCT 27 P 3:55

SENATE

S. No. 1424

RECEIVED BY:

Introduced by SENATOR RAMON BONG REVILLA, JR.

**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

Based on the Digital 2022 report of social media management firm, *Hootsuite*, and creative agency, *We Are Social*, Filipino internet users spend an average of ten (10) hours and 27 minutes on the internet per day. These online activities include watching educational videos, streaming TV content, listening to podcasts, playing video games, while others maximize online surfing for investment, insurance applications, and online banking each week.¹

In a country where people are heavily reliant on the internet in their daily lives, response to everyday needs will inevitably evolve through the use of technology, hence the growth of electronic commerce (e-commerce). With the proliferation of e-commerce, our government enacted Republic Act No. 8792 or the "*Electronic Commerce Act*" to recognize the use of electronic commercial and non-commercial transactions in the country. Recently, the government launched an E-Commerce Philippines Roadmap, which provides an assessment of where our country is, its objectives and the strategies and measures of the country's success vis-à-vis e-commerce.

¹ INQUIRER.net. *Social media, internet craze keep PH on top 2 of world list* (April 29, 2022). Retrieved at <https://newsinfo.inquirer.net/1589845/social-media-internet-craze-keep-ph-on-top-2-of-world-list>.

This bill seeks to create and strengthen a new E-commerce Bureau under the Department of Trade and Industry (DTI). The said Bureau will be tasked to identify regulatory gaps affecting the e-commerce sector that are not sufficiently addressed by existing laws or regulations and recommend appropriate executive or legislative measures that foster the growth of the sector. With this measure, a virtual one-stop shop that will receive and address consumer complaints on unresolved internet transactions between parties will also be established.

As Filipinos embrace the digital era, it is only befitting that we recognize the need for a systematic structure that ensures the protection of both consumers and merchants engaged in internet transactions

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



RAMON BONG REVILLA, JR.


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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
9 these ends, the State shall ensure sustainable and fair e-commerce business practices
10 through transparent and appropriate information disclosure, the maintenance and
11 protection of data privacy rights, and an emphasis on the paramount importance of
12 product safety. Likewise, the State shall provide meaningful access to effective
13 mechanisms for the resolution of any and all disputes involving e-commerce, including
14 alternative dispute 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;

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

1 commerce transactions and, whenever applicable, accountability in case
2 of consumer complaints;

3 i) *E-commerce* or *Online Transaction* refers to an exchange or transfer of
4 goods and services using the internet;

5 j) *E-Marketplace* refers to a digital platform such as, but not limited to,
6 eBay, Amazon, Shopee, Lazada, Carousell, Facebook Marketplace,
7 among others, whose business is to connect online consumers and
8 online merchants, facilitating the exchange of information regarding
9 products or services for the purpose of entering into an e-commerce
10 transaction such as the services, tangible or intangible, and which may
11 or may not provide information or services about payments and logistics;

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

15 l) *Interoperability* refers to the ability of the digital product to function with
16 hardware or software different from those with which the digital product
17 of the same type is normally used;

18 m) *Online Consumer* refers to a natural or juridical person who may be a
19 purchaser, lessee, recipient, or a prospective purchaser, lessor, or
20 recipient, of goods and digital products sold, exchanged, leased, or
21 transacted over the internet;

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

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

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

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

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

11 Sec. 5. *E-commerce Bureau.* – The E-commerce Unit created through
12 Department of Trade and Industry (DTI) Department Order No. 09-16, in accordance
13 with Section 29 of Republic Act No. 8792 or the "Electronic Commerce Act of 2000,"
14 shall be hereby abolished, and an E-commerce Bureau under the DTI shall be created
15 to perform the following functions:

- 16 a) Implement, monitor, and ensure compliance of the provisions of this
17 Act;
- 18 b) Mandate entities engaged in e-commerce to register with the Online
19 Business Registry;
- 20 c) Formulate policies, plans, and programs to ensure the robust and
21 dynamic development of e-commerce;
- 22 d) Identify regulatory gaps affecting the e-commerce sector that are not
23 sufficiently addressed by this Act or by existing laws or regulations, and
24 recommend appropriate executive or legislative measures that foster the
25 growth of the sector;
- 26 e) Act as a virtual one-stop shop tasked to receive and address consumer
27 complaints on unresolved internet transactions between parties,
28 facilitate the speedy resolution of consumer complaints by the respective
29 government agency having jurisdiction over the same, and track
30 complaints referred to or initiated by it motu proprio to ensure the
31 speedy and appropriate action by the agency to which such matters
32 pertain or otherwise have been referred to;

- 1 f) Coordinate with, or petition whenever appropriate, any entity,
2 government agency, or instrumentality to act on any matter related to
3 e-commerce consumer complaints;
- 4 g) Monitor internet market behavior, consult with stakeholders and
5 concerned agencies to better understand e-commerce transactions, and
6 prepare and conduct periodic studies on the same; and
- 7 h) Collaborate with the various departments of the national government and
8 the local government units (LGUs) in the implementation of projects and
9 programs promoting e-commerce, including information and education,
10 as well as in ensuring a policy regime that is proactive.

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

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

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

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

1 *Sec. 9. 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 "Consumer
4 Acts of the Philippines', or any other related laws, the DTI Secretary, in order to abate
5 any 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, profile,
8 website or when applicable, any platform of the online merchant or e-retailer related
9 to the illegal product, be immediately taken down, or the same be made inaccessible
10 in the Philippines, whether temporarily or permanently; and

11 b) Issue an advisory that no entity shall process any payments made to any
12 violating entity to ensure that the latter shall be rendered commercially inoperative.
13 Provided that, the DTI Secretary may immediately issue a provisional take-down order
14 to prevent grave and irreparable injury to the public, when the following conditions
15 are present:

16 i) When the DTI Secretary finds that a good, service or digital product is
17 imminently injurious, unsafe, or dangerous; or

18 ii) When the seller under investigation has been previously penalized
19 under this section.

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

24 The take-down order, whether imposed as a penalty or provisionally granted,
25 shall be directed against the e-retailer, online merchant, or the owner or operator of
26 the e-marketplace or digital platform. Copies of the order shall likewise be served on
27 entities whose cooperation would be required for its enforcement, such as but not
28 limited to, the duly registered internet service provider involved, related payment
29 gateways, and other government agencies. The DTI Secretary may revoke the take-
30 down order after hearing the explanation submitted by the seller, distributor,
31 manufacturer, or producer; in which case, the order revoking the take-down order

1 shall be served on the entities mentioned and in the same manner stated in the
2 preceding paragraphs.

3 *Sec. 10. Referral of Complaints.* - The Bureau shall refer any complaint it
4 receives involving violation of other laws committed in the course of an online or e-
5 commerce transaction to the appropriate regulatory authority for action. The Bureau
6 shall track the complaints or referrals made to other authorities and coordinate with
7 them to ensure that matters are duly resolved in accordance with Republic Act No.
8 11032, otherwise known as the "Ease of Doing Business and Efficient Government
9 Service Delivery Act of 2018".

10 *Sec. 11. Obligations of E-Marketplaces and Other Digital Platforms.* -

11 a) E-Marketplaces and e-commerce digital platforms shall ensure that their e-
12 commerce transactions shall:

13 i) Be clearly identifiable as an e-commerce transaction;

14 ii) Identify the person or persons on whose behalf the e-commerce
15 transaction is made; and

16 iii) Identify any promotional offers including discounts, premiums, gifts,
17 and any promotional game or competition, and ensure that any conditions to
18 qualify for them are easily accessible, and clearly set forth.

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

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

23 ii) Geographic address where the online merchant is located;

24 iii) Contact details of the online merchant, which must include a mobile
25 or landline number and a valid e-mail address; and,

26 iv) In instances when the online merchant exercises a regulated
27 profession, the online merchant shall be required to submit details of
28 membership in any professional body or similar relevant institution, with which
29 the online merchant is registered or otherwise is a member of. Except for the
30 government identification cards mentioned under Section 11 (b) (i), the
31 information required under this paragraph shall be published or posted on the
32 e-commerce platforms for transparency.

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

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

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

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

13 i) In the same condition, type, quantity, and quality as described and
14 stated and, in applicable circumstances, possess the functionality, compatibility,
15 interoperability, and other features required by the sales contract, fit for the
16 purpose for which it was intended by its nature;

17 ii) In the same condition, type, quantity and quality of a sample, picture,
18 or model of the goods shown by the e-retailer or online merchant upon request
19 of the online consumer, or of additional descriptions or specifications provided
20 by the e-retailer or online merchant upon inquiries made by the online
21 consumer; and

22 iii) It must also be fit for the particular purpose for which the online
23 consumer requires them, as communicated to the e-retailer or online merchant
24 at the time of the perfection of the contract, and which the e-retailer or online
25 merchant has accepted;

26 b) All the goods shall:

27 i) Be delivered together with its accessories, including all other
28 packaging, installation inclusions, any user manual or other instructions as
29 advertised or as described, if applicable, with relevant information stated in the
30 packaging, printed or written in Filipino and/or English; and

31 ii) Possess qualities and performance capabilities including functionality,
32 compatibility, and interoperability, that are standard and normal in goods of

1 the same type, which the consumer may expect, given its nature and
2 considering any public statement or testimonial made by or on behalf of the e-
3 retailer, online merchant, or other persons in earlier links of the chain of
4 transactions, including the producer; unless the e-retailer or online merchant
5 shows that:

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

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

10 3. the decision to buy the goods could not have been influenced
11 by the statement.

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

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

21 i) The contract allows, and provides a valid reason for, such a
22 modification;

23 ii) Such a modification is made without additional cost to the consumer;
24 and

25 iii) The online consumer is informed in a clear and comprehensible
26 manner of the modification.

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

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

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

1 ii) Geographic address where the e-retailer or online merchant is located;
2 and

3 iii) Contact details of the e-retailer or online merchant, which must include a
4 mobile or landline number and a valid e-mail address to ensure direct and
5 efficient communication with consumers. This shall be submitted to the Bureau
6 and must be accompanied by at least two (2) government identification cards
7 as valid proof of identity.

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

11 h) E-retailers or online merchants shall issue paper or electronic invoices or
12 receipts for all sales. An electronic invoice or receipt shall have the same legal effect
13 as a paper invoice or receipt. Any agreement between the e-retailer or online merchant
14 and the online consumer shall be valid only if, at the time of the conclusion of the
15 contract, the online consumer has knowledge of the specific condition of the goods,
16 services or digital products and has expressly accepted such condition.

17 Sec. 13. *Rights and Obligations of Online Consumers.* -

18 a) When the online merchant is liable to the consumer because of a lack of
19 conformity with the contract, the consumer may pursue any of the following remedies:

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

24 ii) A proportionate reduction of the price, if the consumer chooses to
25 keep the good or digital product despite the lack of conformity with the
26 contract, or the termination of the contract with restitution of the price, in the
27 following instances:

28 1. When repair or replacement is impossible or unlawful;

29 2. The online merchant has not completed repair or replacement
30 within a reasonable time;

31 3. When repair or replacement may cause significant
32 inconvenience to the consumer; or

1 4. When the online merchant has declared, or it is equally clear
2 from the circumstances, that the online merchants may not bring the
3 goods or digital product in conformity with the contract within a
4 reasonable time;

5 iii) When applicable, the consumer shall be entitled to withhold the
6 payment of any outstanding part of the purchase price until the online merchant
7 has brought the goods or digital product in conformity with the contract;

8 iv) The consumer shall not be entitled to a remedy to the extent that the
9 consumer has contributed to any ambiguity or lack of conformity with the
10 contract or its effects;

11 v) When the online merchant remedies the lack of conformity with the
12 contract by replacement, the online merchant shall be entitled to the return of
13 the replaced goods or digital products at the online merchant's expense, unless
14 otherwise agreed upon by the parties;

15 vi) When the consumer had installed the goods or digital products in a
16 manner consistent with their nature and purpose, before the lack of conformity
17 with the contract became apparent, the costs for the removal of the non-
18 conforming goods or digital products, the installation of the replacement and
19 all associated costs shall be for the account of the online merchant;

20 vii) In case of goods or digital products that do not conform with the
21 contract, the consumer is not liable to pay for the use of the non-conforming
22 goods or digital products prior to its replacement;

23 viii) The consumer may exercise the choice in the alternative between
24 repair or replacement of the purchased good or digital product, unless such
25 choice is impossible in which case the consumer may choose to terminate the
26 contract and return the item, and the online merchant shall refund the full
27 amount paid by the consumer. Consumers of online delivery service platforms
28 may hold delivery carriers liable for damages if the latter fail to exercise due
29 diligence and reasonable care over the goods transported by them. To protect
30 the rights of delivery carriers, it shall be unlawful for consumers to:

31 1. Cancel confirmed orders for the delivery of food or grocery
32 items when the said items have already been paid for by, or is already

1 in the possession of the online delivery partner or delivery service, or is
2 otherwise in transit to the consumer unless:

3 a. The consumer uses credit card services as a means for
4 the payment of the service and the payment will still be credited
5 notwithstanding the cancellation;

6 b. The consumer remits the reimbursement and payment
7 to the online delivery partner as a pre-condition for the
8 cancellation of the order; or

9 c. The delivery of goods will be or was delayed for at least
10 one (1) hour from the expected time of arrival due to the fault or
11 negligence of the online delivery partner or delivery service.

12 2. Use the personal information of another person such as, but
13 not limited to, name, address, and contact number, when registering in
14 online delivery service platforms;

15 3. Place an order under the name of another person, unless the
16 latter consented to the same, or placing an order using a fictitious name
17 and/or address; or

18 4. Unreasonably shame, demean, embarrass, or humiliate online
19 delivery partners.

20 Sec. 14. *Termination of the Contract* - If the goods or digital products delivered
21 do not conform to the contract, the consumer may exercise the right to terminate the
22 contract by giving notice to the online merchant. Where the lack of conformity relates
23 to only some of the goods or digital products delivered under the contract, the
24 consumer may terminate the contract only in relation to the non-conforming goods or
25 digital products and any such accessory acquired as an adjunct to the same. When
26 the consumer terminates a contract as a whole or in relation to some of the non-
27 conforming goods or digital products delivered:

28 (a) The online merchant shall reimburse to the consumer the price paid not
29 later than fourteen (14) days from receipt of the notice and without undue delay
30 whatsoever;

31 (b) Upon receipt of the reimbursement from the online merchant, the consumer
32 shall return, at the online merchant's expense, the goods or digital products, not later

1 than fourteen (14) days from the receipt of the reimbursement and without undue
2 delay whatsoever, provided that the online merchant may waive this requirement at
3 any time;

4 (c) When the goods or digital products cannot be returned because of
5 destruction or loss, the consumer shall pay the monetary value, which the non-
6 conforming goods or digital products would have had at the date when the return was
7 to be made had they been kept by the consumer without destruction or loss until that
8 date, unless the destruction or loss has been caused by a lack of conformity of the
9 goods or digital products with the contract; and

10 (d) The consumer shall pay for a decrease in the value of the goods or digital
11 products only to the extent that the decrease in value exceeds depreciation through
12 regular use. The payment for decrease in value shall not exceed the price paid for the
13 goods or digital products.

14 Sec. 15. *Damages.* - The online merchant shall be liable for damages to the
15 consumer due to the lack of conformity with the contract of the goods or digital
16 products: *Provided,* That such becomes apparent within six (6) months from receipt
17 of the said goods or digital product. No damages may be recovered from this Act after
18 the lapse of two (2) years from the time the consumer receives the goods or digital
19 products.

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

24 (a) The ODR shall be an interactive website accessible electronically and free
25 of charge. The DTI, through the Bureau, shall be responsible for its operation,
26 including its maintenance, funding, and data security. The ODR platform shall be user-
27 friendly, easily accessible, and data privacy compliant.

28 (b) The DTI shall establish a network of ODR contact points from different
29 government agencies involved in consumer complaints, as specified in Republic Act
30 No. 7394, otherwise known as the "Consumer Act of the Philippines," including the
31 Department of Agriculture (DA), Department of Tourism (DOT), and the Department

1 of Health (DOH), among others. The Intellectual Property Office of the Philippines
2 (IPO) shall also be part of the ODR network.

3 (c) Each agency shall have a designated ODR contact point, whose name and
4 contact information are to be submitted to the DTI. The head of the agency shall
5 confer responsibility to the respective ODR contact points to ensure that timely and
6 competent support is provided to the resolution of complaints and disputes submitted
7 through the ODR platform.

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

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

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

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

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

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

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

24 (a) If it fails to provide a mechanism for consumers to dispute, be refunded, or
25 validly cancel orders. For this purpose, refunds to cash-paying customers shall also be
26 in cash;

27 (b) When the online e-commerce platform fails to properly resolve disputes,
28 refunds, or valid cancellation of orders of consumers within a reasonable time;

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

1 (d) If it fails to take necessary measures to prevent or curtail the sale or
2 distribution of the products which are illegal, do not comply with existing laws, or
3 otherwise infringe on intellectual property rights within a reasonable period. Liability
4 shall not attach to the e-marketplace or e-commerce digital platform in instances when
5 the illegality or infringing nature of the goods, services or digital products advertised,
6 offered for sale, or sold through e-marketplace or e-commerce digital platform is not
7 apparent, provided that:

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

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

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

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

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

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

27 (a) A Trustmark and Trustmark Portal shall be created, which shall be
28 administered and managed by the DTI.

29 (b) A Trustmark on the website of an online merchant shall signify that the
30 company is committed to guarantee honesty, fairness, and integrity in dealing with its
31 customers, and is committed to refrain from engaging in any illegal, fraudulent,
32 unethical, or unfair business practices.

1 (c) In case of a complaint involving the purchase of their products or services,
2 online merchants with the Trustmark shall give consumers the option of filing claims
3 through the Trustmark Portal, if the online merchant's customer care service has not
4 been able to resolve the issue.

5 (d) The Trustmark shall be linked to the DTI's online dispute resolution.

6 (e) The Trustmark shall be considered an official document for purposes of the
7 crime of falsification, as defined under the Revised Penal Code and other related laws.
8 Any E-marketplace, e-retailer, online merchant, or e-commerce digital platform that is
9 found guilty of falsifying or forging the E-commerce Philippine Trustmark, shall be
10 subjected to a take-down order in accordance with Section 9 of this Act.

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

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

19 *Sec. 21. Penalties.* -

20 (a) Any e-marketplace, e-retailer, online merchant or e-commerce digital
21 platform that is found guilty of any deceptive, unfair or unconscionable sales act or
22 practice, as provided for under Republic Act No. 7394 or the "Consumer Act of the
23 Philippines," done through the internet, shall be subjected to a take-down order in
24 accordance with Section 9 of this Act. It shall also be punished with a fine of not less
25 than Fifty Thousand Pesos (PhP50,000.00) but not more than Five Hundred Thousand
26 Pesos (PhP500,000.00), or an imprisonment of not less than five (5) months but not
27 more than (1) year, or both, upon the discretion of the court.

28 (b) Any e-marketplace, e-retailer, online merchant or e-commerce digital
29 platform that sells or allows the sale of illegal, or imminently injurious, unsafe or
30 dangerous goods, services or digital products, shall be subject to a take-down order
31 in accordance with Section 9 of this Act. It shall also be punished with:

1 (i) Imprisonment of one (1) year to three (3) years, plus a fine ranging
2 from Fifty Thousand Pesos (PhP50,000.00) to One Hundred Fifty Thousand
3 Pesos (PhP 150,000.00) for the first offense.

4 (ii) Imprisonment of three (3) years and one (1) day to six (6) years,
5 plus a fine ranging from One Hundred Fifty Thousand Pesos (PhP 100,000.00)
6 to Five Hundred Thousand Pesos (PhP500,000.00) for the second offense.

7 (iii) Imprisonment of six (6) years and one (1) day to nine (9) years, plus
8 a fine ranging from Five Hundred Thousand Pesos (PhP500,000.00) to One
9 Million Five Hundred Thousand Pesos (PhP 1,500,000.00) for the third and
10 subsequent offenses.

11 (c) Any e-retailer or online merchant who shall willfully or unreasonably refuse
12 to provide the remedies under Section 13 (a) of this Act, shall be subjected to a take-
13 down order, in accordance with Section 9 of this Act, and shall be punished with a fine
14 of not less than One Hundred Thousand Pesos (PhP100,000.00), but not more than
15 Three Hundred Thousand Pesos (PhP300,000.00), in addition to the payment of the
16 actual value of the goods or digital products involved.

17 (d) Any person who shall violate Section 13 (c) of this Act, shall be punished
18 with a penalty of arresto mayor or a fine not exceeding One Hundred Thousand Pesos
19 (PhP100,000), without prejudice to any other available remedies under existing laws.
20 In case any violation of this Act is committed by a partnership, corporation or any
21 juridical entity, the President, the General Manager, and other officers, employees and
22 agents, who shall consent to, or shall knowingly tolerate such violation, shall be
23 criminally liable.

24 Sec. 22. *Appropriations.* - The amount of Fifty Million Pesos (PhP
25 50,000,000.00) for the initial operation of the Bureau shall be hereby appropriated out
26 of any funds in the National Treasury not otherwise appropriated. Thereafter, such
27 sum as may be necessary for the continued implementation of this Act shall be
28 included in the Annual General Appropriations Act.

29 Sec. 23. *Separability Clause.* - Should any provision or part of this Act be
30 declared unconstitutional or invalid, the other provisions and parts hereof, insofar as
31 they 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
3 or modified accordingly.

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

Approved,