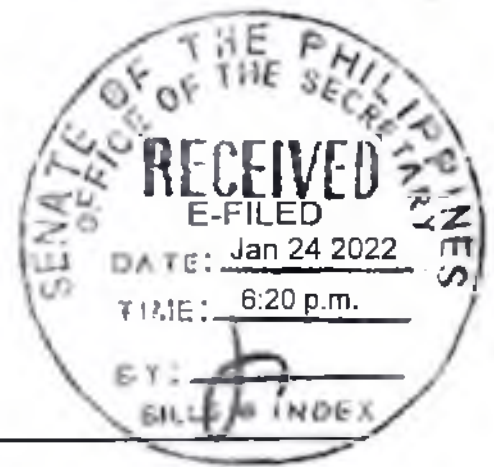


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



SENATE

COMMITTEE REPORT NO. 506

Submitted by the Committees on Trade, Commerce and Entrepreneurship; Ways and Means, and Finance, on Jan 24 2022.

Re: Senate Bill No. **2489** Prepared by the Committees

Recommending its approval in substitution of Senate Bill Nos. 1591 and 1808, taking into consideration House Bill No. 7805

Sponsor: Senator Aquilino "Koko" Pimentel III

MR. PRESIDENT

The Committees on Trade, Commerce and Entrepreneurship; Ways and Means; and Finance; to which were referred **Senate Bill No. 1591**, introduced by Senators Win Gatchalian, Maria Lourdes Nancy S. Binay, and Christopher Lawrence Go, *entitled*:

**"AN ACT
PROTECTING CONSUMERS AND MERCHANTS ENGAGED IN INTERNET
TRANSACTIONS, CREATING FOR THIS PURPOSE THE ECOMMERCE
BUREAU AND APPROPRIATING FUNDS THEREFOR"**

Senate Bill No. 1808, introduced by Senator Imee Marcos., *entitled:*

**"AN ACT
PROMOTING ONLINE TRANSACTIONS, SAFEGUARDING THE RIGHTS OF
CONSUMERS AND MERCHANTS, AND FOR OTHER PURPOSES"**

and taking into consideration **House Bill No. 7805**, introduced by Representative
Weslie Gatchalian, et al., *entitled:*

**"AN ACT
PROVIDING PROTECTION TO CONSUMERS AND MERCHANTS ENGAGED IN
INTERNET TRANSACTIONS, CREATING FOR THE PURPOSE THE
ELECTRONIC COMMERCE BUREAU, AND APPROPRIATING FUNDS
THEREFOR"**

have considered the same and have the honor to report these back to the Senate with
the recommendation that the attached **Senate Bill No. 2489** prepared by the
Committees, entitled:

**"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"**

be approved in substitution of Senate Bill Nos. 1591 and 1808, taking into
consideration House Bill No. 7805, with Senators Gatchalian, Binay, Go, Marcos,
Pacquiao and Pimentel III, as authors thereof.

Respectfully submitted:

Chairpersons

SEN. PIA S. CAYETANO

*Committee on Ways and Means; and
Vice-Chairperson, Committee on Finance*



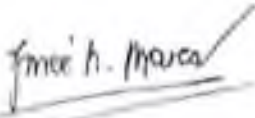
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*Committee on Trade, Commerce and
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SEN. SONNY M. ANGARA

*Committee on Finance;
Member, Committee on Trade, Commerce
and Entrepreneurship; and
Vice-Chairperson, Committee on Ways and
Means*

Vice-Chairpersons



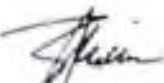
SEN. IMEE R. MARCOS

*Committee on Finance; and
Member, Committee on Ways and Means*



SEN. WIN GATCHALIAN

*Committee on Trade, Commerce and
Entrepreneurship;
Committee on Finance; and
Member, Committee on Ways and Means*



SEN. JOEL VILLANUEVA

Committee on Finance



SEN. GRACE POE

*Committee on Trade, Commerce and
Entrepreneurship
Committee on Finance; and
Member, Committee on Ways and Means*

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Committee on Finance; and
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SEN. CHRISTOPHER "BONG" GO
Committee on Finance; and
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Member, Committee on Trade, Commerce
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Committee on Finance;
Member, Committee on Trade, Commerce
and Entrepreneurship; and
Member, Committee on Ways and Means

SEN. RISA HONTIVEROS
Committee on Finance; and
Member, Committee on Ways and Means

Members



SEN. MANUEL "LITO" M. LAPID
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Committee on Finance



SEN. MARIA LOURDES NANCY S. BINAY
Committee on Trade, Commerce and
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SEN. FRANCIS "KIKO" PANGILINAN
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Committee on Finance



SEN. RAMON BONG REVILLA, JR.
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Committee on Finance*



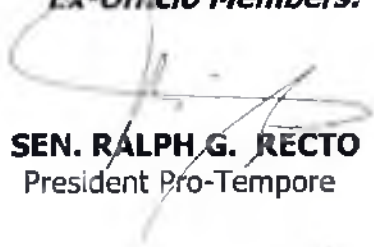
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Ex-Officio Members:



SEN. RALPH G. RECTO
President Pro-Tempore



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Majority Floor Leader



SEN. FRANKLIN M. DRILON
Minority Floor Leader

HON. VICENTE SOTTO III
Senate President

EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



SENATE

S.B. No. 2489

(In Substitution of SB Nos. 1591 and 1808,
taking into consideration HB No. 7805)

Prepared by the Committee on Trade, Commerce and Entrepreneurship joint with the Committees on Ways and Means; and Finance with Senators Gatchalian, Binay, Go, Marcos, Pacquiao and Pimentel III, as authors thereof.

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

Be it enacted by the Senate and the 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

1 product safety. Likewise, the State shall provide meaningful access to effective
2 mechanisms for the resolution of any and all disputes involving e-commerce, including
3 alternative dispute resolution methods.

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

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

8 (b) *Consumer-to-consumer transactions* refer to isolated transactions of an
9 individual or group of individuals with another individual or group of
10 individuals, done for personal, family, or household purposes, and not
11 done in the ordinary course of business of any of the parties to the
12 transaction;

13 (c) *Goods* refer to tangible products which are primarily for personal, family,
14 household, or agricultural purposes which include, but are not limited to,
15 food, drugs, cosmetics, and devices;

16 (d) *Delivery Carrier* refers to any natural or juridical person engaged in the
17 business of providing personal delivery services of food, goods,
18 documents, or any other item from one person to another for
19 compensation;

20 (e) *Devices* refer to equipment or mechanism designed to serve a special
21 purpose or perform a special function;

22 (f) *Digital Platforms* refer to internet intermediaries or businesses such as,
23 but not limited to, e-marketplaces, online delivery enterprises,
24 transportation booking, tourism booking, entertainment website and
25 services, music products and services, social media, advertising,
26 education and learning products, health websites and applications, labor
27 services, among others, that match, connect, or facilitate interactions
28 and transactions by and between any two or more parties to enable
29 them to sell, exchange, share, or transact in any convenient manner,
30 goods, services and digital products;

31 (g) *Digital Products* refer to goods and services produced and supplied in
32 digital form such as, but not limited to, video, audio, applications, digital

1 games, and any and all other software that allows the consumer to
2 create, process, download, store, or access digital content, or allows the
3 sharing of the same, or any such other interaction with digital content
4 provided by other users of the service;

5 (h) *E-commerce Philippine Trustmark* refers to the mark approved by the E-
6 commerce Bureau signifying the legitimacy and verified status of an
7 online merchant and provides for consumer protection in online or e-
8 commerce transactions and, whenever applicable, accountability in case
9 of consumer complaints;

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

12 (j) *E-Marketplace* refers to a digital platform such as, but not limited to,
13 eBay, Amazon, Shopee, Lazada, Carousell, Facebook Marketplace,
14 among others, whose business is to connect online consumers and
15 online merchants, facilitating the exchange of information regarding
16 products or services for the purpose of entering into an e-commerce
17 transaction such as the purchase of goods and services, tangible or
18 intangible, and which may or may not provide information or services
19 about payments and logistics;

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

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

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

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

- 1 (o) *Online Delivery Service* refers to the delivery of food, parcels, or any
2 other item, contracted through a digital platform which may be an
3 application, website, webpage, social media account, or any similar
4 means, operated by an online delivery service platform;
- 5 (p) *Online Delivery Service Platform* refers to any natural or juridical person
6 engaged in providing online delivery service for a fee through any digital
7 platform; and,
- 8 (q) *Online Merchant* refers to any natural or juridical person selling or
9 manufacturing, or otherwise offers for sale or manufacture, any goods
10 or digital products in the ordinary course of business, either through an
11 e-marketplace, social media, website, application, or via any digital
12 platform over the internet.

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

18 **Sec. 5. *E-commerce Bureau.*** – The E-commerce Division created through DTI
19 Department Order No. 09-16 in accordance with Section 29 of Republic Act No. 8792
20 or the "*Electronic Commerce Act of 2000*" is hereby abolished, and an E-commerce
21 Bureau under the Department of Trade and Industry (DTI) shall be created to perform
22 the following functions:

- 23 (a) Implement, monitor, and ensure compliance of the provisions of this Act;
- 24 (b) Mandate entities engaged in e-commerce to register with the Online
25 Business Registry;
- 26 (c) Formulate policies, plans, and programs to ensure the robust and
27 dynamic development of e-commerce;
- 28 (d) Identify regulatory gaps affecting the e-commerce sector that are not
29 sufficiently addressed by this Act or by existing laws or regulations, and
30 recommend appropriate executive or legislative measures that foster the
31 growth of the sector;

- 1 (e) Act as a virtual one-stop shop tasked to receive and address consumer
2 complaints on unresolved internet transactions between parties,
3 facilitate the speedy resolution of consumer complaints by the respective
4 government agency having jurisdiction over the same, and track
5 complaints referred to or initiated by it *motu proprio* to ensure the
6 speedy and appropriate action by the agency to which such matters
7 pertain or otherwise have been referred to;
- 8 (f) Coordinate with, or petition whenever appropriate, any entity,
9 government agency, or instrumentality to act on any matter related to
10 e-commerce consumer complaints;
- 11 (g) Monitor internet market behavior, consult with stakeholders and
12 concerned agencies to better understand e-commerce transactions, and
13 prepare and conduct periodic studies on the same; and
- 14 (h) Collaborate with the various departments of the national government
15 and the local government units (LGUs) in the implementation of projects
16 and programs promoting e-commerce, including information and
17 education, as well as in ensuring a policy regime that is proactive;

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

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

27 *Sec. 7. Online Business Registry (OBR).* – Within a period of one (1) year from
28 the effectivity of this Act, the Bureau shall, in coordination with the Department of
29 Information and Communications Technology (DICT), establish, maintain, and
30 manage an Online Business Registry (OBR) which shall provide consumers access to
31 data and information of e-marketplaces, e-retailers, online merchants, and such other
32 digital platforms engaged in the sale of goods, services, and digital products for

1 purposes of verifying their existence, confirming their identity, and other such relevant
2 or needed information.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 1 (iii) Contact details of the online merchant which must include a
2 mobile 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
6 institution with which the online merchant is registered or
7 otherwise is a 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
12 maintain a list of all online merchants registered under their platform,
13 which shall be regularly verified. This list shall be submitted to the
14 Bureau and updated every six (6) months.
15 (d) E-Marketplaces and e-commerce digital platforms shall not allow the sale
16 of regulated goods such as, but not limited to, chemicals, food, and
17 drugs without verifying the online merchant's compliance with regulatory
18 permits and licenses, sale procedures and limitations, and other relevant
19 conditions for the sale as may be imposed by any law or local
20 government regulation.

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

- 24 (a) Ensure that the goods are received by the online consumer:
25 (i) In the same condition, type, quantity, and quality as described
26 and stated and, in applicable circumstances, possess the
27 functionality, compatibility, interoperability, and other features
28 required by the sales contract, fit for the purpose for which it was
29 intended by its nature;
30 (ii) In the same condition, type, quantity and quality of a sample,
31 picture, or model of the goods shown by the e-retailer or online
32 merchant upon request of the online consumer, or of additional

1 descriptions or specifications provided by the e-retailer or online
2 merchant upon inquiries made by the online consumer; and

3 (iii) It must also be fit for the particular purpose for which the online
4 consumer requires them, as communicated to the e-retailer or
5 online merchant at the time of the perfection of the contract, and
6 which the e-retailer or online merchant has accepted;

7 (b) All the goods shall:

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

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

- 21 1. The e-retailer or online merchant was not, and
22 could not have been, reasonably aware of the
23 statement in question;
- 24 2. By the time of conclusion of the contract, the
25 statement had already been corrected; or
- 26 3. The decision to buy the goods could not have been
27 influenced by the statement.

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

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

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

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

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

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

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

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

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

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

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

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

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

31 Any agreement between the e-retailer or online merchant and the online
32 consumer is valid only if, at the time of the conclusion of the contract, the online

1 consumer has knowledge of the specific condition of the goods, services or digital
2 products and has expressly accepted such condition.

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

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

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

12 (ii) A proportionate reduction of the price if the consumer chooses
13 to keep the good or digital product despite the lack of
14 conformity with the contract, or the termination of the contract
15 with restitution of the price, in the following instances:

- 16 1. When repair or replacement is impossible or
17 unlawful;
- 18 2. The online merchant has not completed repair or
19 replacement within a reasonable time;
- 20 3. When repair or replacement may cause significant
21 inconvenience to the consumer; or
- 22 4. When the online merchant has declared, or it is
23 equally clear from the circumstances, that the online
24 merchant may not bring the goods or digital product
25 in conformity with the contract within a reasonable
26 time;

27 (iii) When applicable, the consumer is entitled to withhold the
28 payment of any outstanding part of the purchase price until
29 the online merchant has brought the goods or digital product
30 in conformity with the contract;

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

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

- 4 1. The consumer uses credit card services as a means
5 for the payment of the service and the payment will
6 still be credited notwithstanding the cancellation;
- 7 2. The consumer remits the reimbursement and
8 payment to the online delivery partner as a pre-
9 condition for the cancellation of the order; or
- 10 3. The delivery of goods will be or was delayed for at
11 least one (1) hour from the expected time of arrival
12 due to the fault or negligence of the online delivery
13 partner or delivery service.

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

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

20 (iv) Unreasonably shame, demean, embarrass, or humiliate online
21 delivery partners.

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

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

- 1 (a) The online merchant shall reimburse to 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 decrease in value
19 shall not exceed the price paid for the goods or digital products.

20 **Sec. 15. 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. 16. 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), Department
7 of Tourism (DOT), and the Department of Health (DOH), among others.
8 The Intellectual Property Office of the Philippines (IPO) shall also be part
9 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 resolution
14 of complaints and disputes submitted through the ODR platform.

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

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

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

21 (iii) Make available to the public, general information on
22 alternative dispute resolution as a means of out-of-court
23 dispute resolution and the entities which are competent to
24 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. 17. Liability.** – An e-marketplace or e-commerce digital platform shall be
31 solidarily liable with 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 reasonable
6 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 existing
12 laws, or otherwise infringe on intellectual property rights within a
13 reasonable period.

14 Liability shall not attach to the e-marketplace or e-commerce
15 digital platform in instances when the illegality or infringing nature of the
16 goods, services or digital products advertised, offered for sale, or sold
17 through e-marketplace or e-commerce digital platform is not apparent,
18 provided that:

- 19 (i) The online e-commerce platform offers a simple and
20 straightforward procedure for consumers, rights-holders, or
21 online merchants to report the existence of illegal or infringing
22 goods, services or digital products in the platform;
- 23 (ii) Consumers, rights-holders, and online merchants are properly
24 informed on the policy implementing such procedure;
- 25 (iii) Any report of illegal or infringing goods, services or digital
26 products shall be expeditiously acted upon through
27 investigations, suspensions, and take-down measures, if
28 necessary, by the platform;
- 29 (e) If the online e-commerce platform fails to comply with the requirements
30 of this Act involving the collection, publication, and submission of online
31 merchant information; and

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

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

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

11 (b) A Trustmark on the website of an online merchant signifies that the
12 company is committed to guarantee honesty, fairness, and integrity in
13 dealing with its customers, and is committed to refrain from engaging in
14 any illegal, fraudulent, unethical, or unfair business practices.

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

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

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

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

1 **Sec. 20. Jurisdiction of Other Agencies.** – The agencies mentioned in Section
2 19 of this Act shall continue to exercise the powers and duties provided to them under
3 existing laws, unless repealed or modified accordingly.

4 **Sec. 21. Penalties.** –

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

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

19 (i) Imprisonment of one (1) year to three (3) years plus a fine
20 ranging from Fifty Thousand Pesos (PhP50,000.00) to One
21 Hundred Fifty Thousand pesos (PhP150,000.00) for the first
22 offense.

23 (ii) Imprisonment of three (3) years and one (1) day to six (6)
24 years plus a fine ranging from One Hundred Fifty Thousand
25 Pesos (PhP150,000.00) to Five Hundred Thousand Pesos
26 (PhP500,000.00) for the second offense.

27 (iii) Imprisonment of six (6) years and one (1) day to nine (9)
28 years plus a fine ranging from Five Hundred Thousand Pesos
29 (PhP500,000.00) to One Million Five Hundred Thousand Pesos
30 (PhP1,500,000.00) for the third and subsequent offenses.

31 (c) Any e-retailer or online merchant who shall willfully or unreasonably
32 refuse to provide the remedies under Section 13 (a), shall be subjected

1 to a take-down order in accordance with Section 9 of this Act, and be
2 punished with a fine not less than One Hundred Thousand Pesos
3 (PhP100,000.00), but not more than Three Hundred Thousand Pesos
4 (PhP300,000.00), in addition to the payment of the actual value of the
5 goods or digital products involved.

6 (d) Any person who shall violate Section 13 (c) of this Act, shall be punished
7 with a penalty of *arresto mayor* or a fine not exceeding One Hundred
8 Thousand Pesos (PhP100,000), without prejudice to any other available
9 remedies under existing laws.

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

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

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

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

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

28 *Approved,*