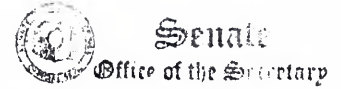


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NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



\*22 JUL 25 A10 :35

SENATE

RECEIVED BY:

S. No. 806

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**Introduced by Senator Jinggoy Ejercito Estrada**

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**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**

Article XVI Section 9 of the Constitution provides that the State shall protect consumers from trade malpractices and from substandard or hazardous products.

Strict lockdown and quarantine protocols forced us to stay at home and conduct our businesses under the vast world of cyberspace. Purchasing household essentials, having daily meals delivered at one's doorstep, buying goods and services were primarily transacted in online platforms. The cosmic expanse of the online realm presents an infinite array of great opportunities for consumers and traders alike, but also unscrupulous and unlawful trade practices. We hear horror stories of misrepresentation, fake identities, scams, unfair practices and many forms of *pambubudol* in the online market, which victimize both consumers and entrepreneurs.


This bill lays down a code of conduct for parties engaged in internet transactions, as it defines the obligations of e-marketplaces (such as Shopee, Lazada, etc), online merchants and other digital platforms, as well as the rights of online consumers. It aims to create the regulatory environment that will build trust and confidence in online transactions, and allow the same to thrive and grow further. This bill also creates the E-commerce Bureau under the Department of

Trade and Industry (DTI) to ensure the robust and dynamic development of e-commerce. An Online Dispute Resolution (ODR) platform will also be created that will be the single point of entry for parties to e-commerce transactions that are seeking out-of-court resolution of disputes.

This proposal is one of the legislative measures endorsed under the updated Philippine Development Plan 2017-2022 in pursuit of expanding economic opportunities in services, ensuring consumer access to safe and quality goods and services, strengthening the country's e-commerce industry, and accelerating the recovery of many sectors and industries following the economic slowdown due to the global Covid crisis.

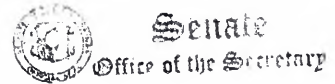
This bill was reported out by the Senate Committee on Trade, Commerce and Entrepreneurship in the Eighteenth Congress, which also considered the similar legislation that was approved by the House of Representatives on Third and Final Reading.

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



**JINGGOY EJERCITO ESTRADA**


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



22 JUL 25 AIO :36

SENATE

S. No. 806

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**Introduced by Senator Jinggoy Ejercito Estrada**

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**AN ACT**  
**PROTECTING CONSUMERS AND MERCHANTS ENGAGED IN INTERNET**  
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**PURPOSES**

*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  
6 digital economy and the need to ensure that all goods and services transacted  
7 digitally be in accordance with specifications, and be reliable, secure, and accessible  
8 to all consumers for the purpose of increasing the productivity and efficiency of  
9 businesses. Towards these ends, the State shall ensure sustainable and fair e-  
10 commerce business practices through transparent and appropriate information  
11 disclosure, the maintenance and protection of data privacy rights and an emphasis  
12 on the paramount importance of product safety. Likewise, the State shall provide  
13 meaningful access to effective mechanisms for the resolution of any and all disputes  
14 involving e-commerce, including alternative dispute resolution 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 done  
7 in the ordinary course of business of any of the parties to the transaction;
- 8 c) *Goods* – refer to tangible products which are primarily for personal, family,  
9 household, or agricultural purposes which include, but are not limited to,  
10 food, drugs, cosmetics, and devices;
- 11 d) *Delivery Carrier* – refers to any natural or juridical person engaged in the  
12 business of providing personal delivery services of food, goods,  
13 documents, or any other item from one person to another for  
14 compensation;
- 15 e) *Devices* – refer to equipment or mechanism designed to serve a special  
16 purpose or perform a special function;
- 17 f) *Digital Platforms* – refer to internet intermediaries or businesses such as,  
18 but not limited to e-marketplaces, online delivery enterprises,  
19 transportation booking, tourism booking, entertainment website and  
20 services, music products and services, social media, advertising, education  
21 and learning products, health websites and applications, labor services,  
22 among others, that match, connect, or facilitate interactions and  
23 transactions by and between any two or more parties to enable them to  
24 sell, exchange, share, or transact in any convenient manner, goods,  
25 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, digital  
28 games, and any and all other software that allows the consumer to create,  
29 process, download, store, or access digital content, or allows the sharing  
30 of the same, or such other interaction with digital content provided by  
31 other users of the service;

- 1 h) *E-commerce Philippine Trustmark* – refers to the mark approved by the E-  
2 commerce Bureau signifying the legitimacy and verified status of an online  
3 merchant and provides for consumer protection in online or e-commerce  
4 transactions and, whenever applicable, accountability in case of consumer  
5 complaints;
- 6 i) *E-commerce or Online Transaction* – refers to an 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, Facebook, Marketplace, among  
10 others, whose business is to connect online consumers and online  
11 merchants, facilitating the exchange of information regarding products or  
12 services for the purpose of entering into an e-commerce transaction such  
13 as the purchase of goods and services, tangible or intangible, and which  
14 may or may not provide information or services about payments and  
15 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 his own website or any other digital platform;
- 19 l) *Interoperability* – refers to the ability of the digital product to function with  
20 hardware or software different from those with which the digital product  
21 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 a 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 delivery  
27 services through an online delivery platform under contract with a digital  
28 platform or an E-marketplace;
- 29 o) *Online Delivery Service* – refers to the delivery of food, parcels, or any  
30 other item, contracted through a digital platform which may be an  
31 application, website, webpage, social media account, or any similar  
32 means, operated by an online delivery service platform;

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

4 q) *Online Merchant* – refers to any natural or juridical person selling or  
5 manufacturing, or otherwise offers for sale or manufacture, any goods or  
6 digital products in the ordinary course of business, either through an e-  
7 martkeplace, social media, website, application, or via any digital platform  
8 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 whether  
11 between businesses, households, individuals, and other public or private  
12 organizations, conducted over the internet. Consumer to consumer internet  
13 transactions shall not be covered under this Act.

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

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

1 and appropriate action by the agency to which such matters pertain or  
2 otherwise have been referred to;

3 f) Coordinate with, or petition whenever appropriate, any entity, government  
4 agency, or instrumentality to act on any matter related to e-commerce  
5 consumer complaints;

6 g) Monitor internet market behavior, consult with stakeholders and  
7 concerned agencies to better understand e-commerce transactions, and  
8 prepare and conduct periodic studies on the same; and

9 h) Collaborate with the various departments of the national government and  
10 the local government units (LGUs) in the implementation of projects and  
11 programs promoting e-commerce, including information and education, as  
12 well as in ensuring a policy regime that is proactive.

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

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

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

30 *Sec. 8. Regulatory Jurisdiction of the DTI.* – For purposes of this Act, the DTI  
31 shall exercise primary regulatory jurisdiction over e-marketplaces, e-retailers, online  
32 merchants, and other digital platforms that sell or allow the sale or exchange of

1 goods, services or digital products, and are purposely availing of the Philippine  
2 market.

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

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

14 b) Issue an advisory that no entity shall process any payments made to any  
15 violating entity to ensure that the latter shall be rendered commercially  
16 Inoperative.

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

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

22 b) When the seller under investigation has been previously penalized under  
23 this section.

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

28 The take-down order whether imposed as a penalty or provisionally granted,  
29 shall be directed against the e-retailer, online merchant, or the owner or operator of  
30 the e-marketplace or digital platform. Copies of the order shall likewise be served on  
31 entities whose cooperation would be required for its enforcement such as but not



1 limited to the duly registered internet service provider involved, related payment  
2 gateways, and other government agencies.

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

7 **Sec. 10. Referral of Complaints.** – The Bureau shall refer any complaint it  
8 receives involving violation of other laws committed in the course of an online or e-  
9 commerce transaction to the appropriate regulatory authority for action. The Bureau  
10 shall track the complaints or referrals made to other authorities for action. The  
11 Bureau shall track the complaints or referrals made to other authorities and  
12 coordinate with them to ensure that matters are duly resolved in accordance with  
13 Republic Act No. 11032, otherwise known as the "*Ease of Doing Business and*  
14 *Efficient Government Service Delivery Act of 2013.*"

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

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

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

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

- 27 (i) Name of the online merchant accompanied by at least two (2) valid  
28 government identification cards;
- 29 (ii) Geographic address where the online merchant is located;
- 30 (iii) Contact details of the online merchant which must include a mobile  
31 or landline number and a valid e-mail address; and

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

6 Except for the government identification cards mentioned under Section  
7 11(b)(i), the information required under this paragraph shall be published  
8 or posted on the e-commerce platforms for transparency.

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

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

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

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

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

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

- 1 (iii) It must also be fit for the particular purpose for which the online  
2 consumer requires them, as communicated to the e-retailer or  
3 online merchant at the time of the perfection of the contract, and  
4 which the e-retailer or online merchant has accepted;
- 5 b) All the goods shall:
- 6 (i) Be delivered together with its accessories including all other  
7 packaging, installation inclusions, any user manual or other  
8 instructions as advertised or as described, if applicable, with  
9 relevant information stated in the packaging, printed or written in  
10 Filipino and/or English; and
- 11 (ii) Possess qualities and performance capabilities including  
12 functionality, compatibility, and interoperability that are standard  
13 and normal in goods of the same type which the consumer may  
14 expect given its nature and considering any public statement or  
15 testimonial made by or on behalf of the e-retailer, online merchant,  
16 or other persons in earlier links of the chain of transactions,  
17 including the producer, unless the e-retailer or online merchant  
18 shows that:
- 19 1) The e-retailer or online merchant was not, and could not  
20 have been, reasonably aware of the statement in question;
- 21 2) By the time of conclusion of the contract, the statement had  
22 already been corrected; or
- 23 3) The decision to buy the goods could not have been  
24 influenced by the statement.
- 25 c) Where the e-retailer or online merchant is a digital product provider, it  
26 shall ensure that the digital product has the qualities and performance  
27 features, in relation to functionality, compatibility, interoperability,  
28 accessibility, continuity, and security, which are standard and normal for a  
29 digital product of the same type as advertised or described.
- 30 d) Where the contract provided that the digital product is to be supplied or  
31 made accessible to the online consumer over a period of time, the e-

1 retailer or online merchant may modify the digital product beyond what is  
2 necessary for its maintenance, if the following conditions are met:

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

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

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

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

12 f) An e-retailer or an online merchant that operated its own digital platform  
13 shall publish on its homepage the following:

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

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

17 (iii) Contract details of the e-retailer or online merchant which must  
18 include a mobile or landline number and a valid e-mail address to  
19 ensure direct and efficient communication with consumers.

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

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

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

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

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

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

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

8 (ii) A proportionate reduction of the price if the consumer chooses to  
9 keep the good or digital product despite the lack of conformity with  
10 the contract, or the termination of the contract with restitution of  
11 the price, in the following instances:

12 1) When the repair or replacement is impossible or unlawful;

13 2) The online merchant has not completed repair or replacement  
14 within a reasonable time;

15 3) When repair or replacement may cause significant  
16 inconvenience to the consumer; or

17 4) When the online merchant has declared, or it is equally clear  
18 from the circumstances, that the online merchant may not bring  
19 the goods or digital product in conformity with the contract  
20 within a reasonable time;

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

25 (iv) The consumer is not entitled to a remedy to the extent that the  
26 consumer has contributed to any ambiguity or lack of conformity  
27 with the contract or its effects;

28 (v) When the online merchant remedies the lack of conformity with the  
29 contract by replacement, the online merchant is entitled to the  
30 return of the replaced goods or digital products at the online  
31 merchant's expense, unless otherwise agreed upon by the parties;

- 1 (vi) When the consumer had installed the goods or digital products in a  
2 manner consistent with their nature and purpose, before the lack of  
3 conformity with the contract became apparent, the costs for the  
4 removal of the non-conforming goods or digital products, the  
5 installation of the replacement and all associated costs shall be for  
6 the account of the online merchant;
- 7 (vii) In case of goods or digital products that do not conform with the  
8 contract, the consumer is not liable to pay for the use of the non-  
9 conforming goods or digital products prior to its replacement;
- 10 (viii) The consumer may exercise the choice in the alternative between  
11 repair or replacement of the purchased good or digital product,  
12 unless such choice is impossible, in which case the consumer may  
13 choose to terminate the contract and return the item, and the  
14 online merchant shall refund the full amount paid by the consumer.
- 15 b) Consumers or online delivery service platforms may hold delivery carriers  
16 liable for damages if the latter fail to exercise due diligence and  
17 reasonable care over the goods transported by them.
- 18 c) To protect the rights of delivery carriers, it shall be unlawful for consumers  
19 to:
- 20 (i) Cancel confirmed orders for the delivery of food or grocery items  
21 when the said items have already been paid for by, or is already in  
22 the possession of the online deliver partner or delivery service, or is  
23 otherwise in transit to the consumer unless:
- 24 1) The consumer uses credit card services as a means for the  
25 payment of the service and the payment will still be credited  
26 notwithstanding the cancellation;
- 27 2) The consumer remits the reimbursement and payment to the  
28 online delivery partner as a pre-condition for the cancellation of  
29 the order; or
- 30 3) The delivery of goods will be or was delayed for at least one  
31 (1) hour from the expected time of arrival due to the fault or  
32 negligence of the online delivery partner or delivery service.

- 1           (ii) Use the personal information of another person such as, but not  
2           limited to, name, address, and contact number when registering in  
3           online delivery service platforms;
- 4           (iii) Place an order under the name of another person, unless the latter  
5           consented to the same, or placing an order using a fictitious name  
6           and/or address; or
- 7           (iv) Unreasonably shame, demean, embarrass, or humiliate online  
8           delivery partners.

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

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

- 18           a) The online merchant shall reimburse to the consumer the price paid not  
19           later than fourteen (14) days from receipt of the notice and without undue  
20           delay whatsoever;
- 21           b) Upon receipt of the reimbursement from the online merchant, the  
22           consumer shall return, at the online merchant's expense, the goods or  
23           digital products not later than fourteen (14) days from the receipt of the  
24           reimbursement and without undue delay whatsoever, provided that the  
25           online merchant may waive this requirement at any time;
- 26           c) When the goods or digital products cannot be returned because of  
27           destruction or loss, the consumer shall pay the monetary value which the  
28           non-conforming goods or digital products would have had at the date  
29           when the return was to be made had they been kept by the consumer  
30           without destruction or loss until that date, unless the destruction or loss  
31           has been caused by a lack of conformity of the goods or digital products  
32           with the contract; and

1 d) The consumer shall pay for a decrease in the value of the goods or digital  
2 products only to the extent that the decrease in value exceeds  
3 depreciation through regular use. The payment for decrease in value shall  
4 not exceed the price paid for the goods or digital products.

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

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

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

15 a) The ODR shall be an interactive website accessible electronically and free  
16 of charge. The DTI, through the Bureau, shall be responsible for its  
17 operation, including its maintenance, funding, and data security. The ODR  
18 platform must be user-friendly easily accessible, and data privacy  
19 compliant.

20 b) The DTI shall establish a network of ODR contact points from different  
21 government agencies involved in consumer complaints as specified in  
22 Republic Act No. 7394, otherwise known as the "*Consumer Act of the*  
23 *Philippines,*" including the Department of Agriculture (DA), Department of  
24 Tourism (DOT), and the Department of Health (DOH), among others. The  
25 Intellectual Property Office of the Philippines (IPOPHL) shall also be part of  
26 the ODR Network.

27 c) Each agency shall have a designated ODR contact point whose name and  
28 contact information are to be submitted to the DTI. The head of the  
29 agency shall confer responsibility to the respective ODR contact points to  
30 ensure that timely and competent support is provided to the resolution of  
31 complaints and disputes submitted through the ODR platform.

32 d) The ODR platform shall have the following functions:



- 1 (i) Provide an electronic form where alternative dispute resolution  
2 entities shall transmit the information;
- 3 (ii) Provide a feedback system that will allow parties to express their  
4 views on the efficiency of the ODR platform and on the response of  
5 the entity handling their dispute; and
- 6 (iii) Make available to the public, general information on alternative  
7 dispute resolution as a means of out-of-court dispute resolution and  
8 the entities which are competent to deal with such disputes.
- 9 e) The DTI shall ensure that the information on the website is accurate and  
10 up to date.
- 11 f) Online and e-commerce platforms and online merchants shall provide on  
12 their websites an electronic link to the DTI-ODR platform on their  
13 homepage.

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

- 17 a) If it fails to provide a mechanism for consumers to dispute, be refunded,  
18 or validly cancel orders. For this purpose, refunds to cash-paying  
19 customers should also be in cash;
- 20 b) When the online e-commerce platform fails to properly resolve disputes,  
21 refunds, or valid cancellation of orders of consumers within a reasonable  
22 time;
- 23 c) If it knows or should have known that the goods, services, or digital  
24 products sold are illegal, do not comply with existing laws, or otherwise  
25 infringe on intellectual property rights;
- 26 d) If it fails to take necessary measures to prevent or curtail the sale or  
27 distribution of the products which are illegal, do not comply with existing  
28 laws, or otherwise infringe on intellectual property rights within a  
29 reasonable period.

30 Liability shall not attach to the e-marketplace or e-commerce digital  
31 platform in instances when the illegality or infringing nature of the goods,  
32 services, or digital products advertised, offered for sale, or sold through e-

1 marketplace or e-commerce digital platform is not apparent, provided  
2 that:

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

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

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

13 e) If the online e-commerce platform fails to comply with the requirements of  
14 this Act involving the collection, publication, and submission of online  
15 merchant information; and

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

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

24 a) A Trustmark and Trustmark Portal shall be created which shall be  
25 administered and managed by the DTI.

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

30 c) In case of a complaint involving the purchase of their products or  
31 services, online merchants with the Trustmark shall give consumers the

1 option of filing claims through the Trustmark portal, if the online  
2 merchant's customer care service has not been able to resolve the issue.

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

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

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

18 **Sec. 21. *Penalties.*** –

- 19 a) Any e-marketplace, e-retailer, online merchant or e-commerce digital  
20 platform that is found guilty of any deceptive, unfair or unconscionable  
21 sales act or practice as provided for under Republic Act No. 7394 or the  
22 "*Consumer Act of the Philippines*" done through the internet, shall be  
23 subjected to a take-down order in accordance with Section 9 of this Act. It  
24 shall also be punished with a fine of not less than Fifty thousand pesos  
25 (Php50,000.00) but not more than Five hundred thousand pesos  
26 (Php500,000.00), or an imprisonment of not less than five (5) months but  
27 not 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,  
30 unsafe or dangerous goods, services or digital products shall be subject to  
31 a take-down order in accordance with Section 9 of this Act. It shall also be  
32 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  
3 thousand pesos (Php150,000.00) 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  
6 (Php150,000.00) to Five hundred thousand pesos (Php500,000.00)  
7 for the second offense.

8 (iii) Imprisonment of six (6) years and one (1) day to nine (9) years  
9 plus a fine ranging from Five hundred thousand pesos  
10 (Php500,000.00) to One million five hundred thousand pesos  
11 (Php1,500,000.00) for the third and subsequent offenses.

12 c) Any retailer or online merchant who shall wilfully or unreasonably refuse  
13 to provide the remedies under Section 13 (a), shall be subjected to a take-  
14 down order in accordance with Section 9 of this Act, and be punished with  
15 a fine not less than One hundred thousand pesos (Php100,000.00), but  
16 not more than Three hundred thousand pesos (Php300,000.00), in  
17 addition to the payment of the actual value of the goods or digital  
18 products involved.

19 d) Any person who shall violate Section 13 (c) of this Act, shall be punished  
20 with a penalty of *arresto mayor* or a fine not exceeding One hundred  
21 thousand pesos (Php100,000.00), without prejudice to any other available  
22 remedies under the existing laws.

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

27 **Sec. 22. Appropriations.** – The amount of Fifty million pesos  
28 (Php50,000,000.00) for the initial operation of the Bureau is hereby appropriated out  
29 of any funds in the National Treasury not otherwise appropriated. Thereafter, such  
30 sum as may be necessary for the continued implementation of this Act shall be  
31 included in the annual General Appropriations Act.

1           Sec. 23. *Separability Clause.* – If any section or part of this Act is held  
2 unconstitutional or invalid, the other sections or provisions not otherwise affected  
3 shall remain in full force and effect.

4           Sec. 24. *Repealing Clause.* - All laws, decrees, executive orders, rules and  
5 regulations, issuances or any part thereof inconsistent with the provisions of this Act  
6 are hereby repealed or modified accordingly.

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

*Approved,*