



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

'22 NOV -8 A9 :32

SENATE

RECEIVED BY

S. B. No. 1478

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Introduced by **SENATOR JOEL VILLANUEVA**

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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**

Restrictions in mobility and economic activities due to the COVID-19 pandemic have allowed the digital economy to flourish. According to the Philippine Statistics Authority (PSA), the digital economy<sup>1</sup> in 2021 amounted to Php1.87 trillion, contributing 9.6 percent to the Philippines' Gross Domestic Product (GDP). This is a significant increase of 7.8% from the Php1.73 trillion recorded in 2020.<sup>2</sup> In addition, according to the PSA, the digital economy employed 5.01 million Filipinos in 2020, eventually reaching 5.59 million in 2021, representing an increase of 11.6% year-on-year.<sup>3</sup>

Meanwhile, Google and Temasek's 2022 e-Conomy SEA Report shows that the digital decade in the Philippines continues its upward trend at 20% year-on-year to reach USD20 billion in Gross Merchandise Value (GMV) in 2022, compared to USD16 billion in 2021. E-commerce is projected to propel the growth of the country's digital economy to USD35 billion by 2025 and USD100-150 billion by 2030.<sup>4</sup>

In order to leverage internet transactions to their full extent, regulatory reforms must be put in place to create a digital business environment that is conducive and inclusive. This necessitates minimizing the inherent risks of the digital world that tend to exploit consumers and sellers alike.

This proposed measure seeks to harness the value and potential of digital transactions in accelerating our economic growth, increasing productivity, and creating more jobs for Filipinos. It shall ensure sustainable and fair e-commerce business practices through transparent and appropriate information disclosure, secured online transactions, the maintenance and protection of data privacy rights, the promotion of

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<sup>1</sup> The digital economy is composed of digital transactions covering Digital-enabling infrastructure, E-commerce, and Digital media/content.  
<sup>2</sup> Philippine Statistics Authority (PSA). *Country's Digital Transactions Reached Php 1.87 Trillion in 2021, with 9.6 Percent Contribution to the Gross Domestic Product*. Published on 26 October 2022. Available at <https://psa.gov.ph/press-releases/id/168286> (Accessed on November 3, 2022).  
<sup>3</sup> Op. cit., PSA  
<sup>4</sup> Google. *e-Conomy SEA 2022: Philippines Report*. Available at [https://services.google.com/fh/files/misc/philippines\\_e\\_conomy\\_sea\\_2022\\_report.pdf](https://services.google.com/fh/files/misc/philippines_e_conomy_sea_2022_report.pdf) (Accessed on November 3, 2022).

innovation, competition and use of fair advertising practices, and an emphasis on the paramount importance of product safety. Further, it seeks to put in place effective mechanisms for the resolution of any and all disputes involving e-commerce, including alternative dispute resolution methods.

Towards these ends, the E-commerce Bureau under the Department of Trade and Industry is hereby created to formulate policies, plans, and programs to ensure the robust and dynamic development of e-commerce; serve as a virtual one-stop shop tasked to receive and address consumer complaints on unresolved internet transactions between parties; and implement, monitor, and ensure compliance of all stakeholders to the provisions of this proposed measure, among others.

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



SENATOR JOEL VILLANUEVA *lv*



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Senate Bill No. 1478

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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**

*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.*”  
3

4       **SEC. 2. Declaration of Policy.** – It is the policy of the State to promote the growth  
5 of electronic commerce (e-commerce) in the country by building mutual trust between  
6 online sellers and consumers. The State recognizes the value and potential of the digital  
7 economy to increase competition and improve productivity, thus the need to establish  
8 secure and reliable e-commerce platforms where goods and services are transacted  
9 online with appropriate transparency and utmost efficiency to encourage the creation of  
10 new products, services, business models, and processes. Towards these ends, the State  
11 shall ensure sustainable and fair e-commerce business practices through transparent and  
12 appropriate information disclosure, secured online transactions, the maintenance and  
13 protection of data privacy rights, the promotion of innovation, competition and use of fair  
14 advertising practices, and an emphasis on the paramount importance of product safety.  
15 Likewise, the State shall provide meaningful access to effective mechanisms for the  
16 resolution of any and all disputes involving e-commerce, including alternative dispute  
17 resolution methods.  
18

19       **SEC. 3. Definition of Terms.** – As used in this Act:

- 20  
21 (a) **Compatibility** refers to the ability of the digital product to function with hardware or  
22 software with which digital products of the same type are normally used, without the  
23 need for any conversion;  
24  
25 (b) **Consumer-to-consumer Transactions (C2Cs)** refer to isolated transactions of an  
26 individual or group of individuals, done for personal, family, or household purposes,  
27 and not done in the ordinary course of business of any of the parties to the  
28 transaction;

- 1 (c) **Goods** refer to tangible products which are primarily for personal, family, household,  
2 or agricultural purposes which include, but are not limited, to food, drugs, cosmetics,  
3 and devises;  
4
- 5 (d) **Delivery Carrier** refers to any natural or juridical person engaged in the business of  
6 providing personal delivery services of food, goods, documents, or any other item  
7 from one person to another for compensation;  
8
- 9 (e) **Devices** refer to equipment or mechanisms designed to serve a special purpose or  
10 perform a special function;  
11
- 12 (f) **Digital Platforms** refer to internet intermediaries or businesses such as, but not  
13 limited, to e-marketplaces, online delivery enterprises, transportation booking,  
14 tourism booking, entertainment website and services, music products and services,  
15 social media, advertising, education and learning products, health websites and  
16 applications, labor services, among others, that match, connect, or facilitate  
17 interactions and transactions by and between any two or more parties to enable  
18 them to sell, exchange, share, or transact in any convenient manner, goods,  
19 services, and digital products;  
20
- 21 (g) **Digital Products** refer to goods and services produced and supplied in digital form,  
22 such as, but not limited, to video, audio, applications, digital games, and any and all  
23 other software that allows the consumer to create, process, download, store, or  
24 access digital content, or allows the sharing of the same, or any such other  
25 interaction with digital content provided by other users of the service;  
26
- 27 (h) **E-commerce Philippine Trustmark** refers to the mark approved by the E-  
28 commerce Bureau signifying the legitimacy and verified status of an online merchant  
29 and provides for consumer protection in online or e-commerce transactions and,  
30 whenever applicable, accountability in case of consumer complaints;  
31
- 32 (i) **E-commerce or Online Transaction** refers to an exchange or transfer of goods  
33 and services using the internet;  
34
- 35 (j) **E-Marketplace** refers to a digital platform such as, but not limited to, eBay, Amazon,  
36 Shopee, Lazada, Carousell, Facebook Marketplace, among others, whose business  
37 is to connect online consumers and online merchants, facilitating the exchange of  
38 information regarding products or services for the purpose of entering into an e-  
39 commerce transaction, such as the purchase of goods and services, tangible or  
40 intangible, and which may or may not provide information or services about  
41 payments and logistics;  
42
- 43 (k) **E-Retailer** refers to a natural or juridical person engaged in selling products or  
44 services, tangible or intangible, directly to online consumers through one's own  
45 website or any other digital platform;  
46
- 47 (l) **Interoperability** refers to the ability of the digital product to function with hardware  
48 or software different from those with which the digital product of the same type is  
49 normally used;  
50
- 51 (m) **Online Consumer** refers to a natural or juridical person who may be a purchaser,  
52 lessee, recipient, or a prospective purchaser, lessor, or recipient, of good and digital  
53 products sold, exchanged, leased, or transacted over the internet;  
54
- 55 (n) **Online Delivery Partner** refers to a delivery carrier that performs delivery services  
56 through an online delivery service platform under contract with a digital platform or  
57 an e-marketplace;

- 1 (o) **Online Delivery Service** refers to the delivery of food, parcels, or any other item,  
2 contracted through a digital platform which may be an application, website,  
3 webpage, social media account, or any similar means, operated by an online  
4 delivery service platform;  
5
- 6 (p) **Online Delivery Service Platform** refers to any natural or juridical person engaged  
7 in providing online delivery service for a fee through any digital platform; and  
8
- 9 (q) **Online Merchant** refers to any natural or juridical person selling or manufacturing,  
10 or otherwise offers for sale or manufacture, any goods or digital products in the  
11 ordinary course of business, either through an e-marketplace, social media, website,  
12 application, or via any digital platform over the internet.  
13

14 **SEC. 4. Scope and Coverage.** – This Act shall apply to the sale or exchange of  
15 goods, services, or digital products in the course of trade or business whether between  
16 businesses, households, individuals, and other public or private organizations, conducted  
17 over the internet. Consumer-to-consumer internet transactions, and transactions  
18 involving financial products and services covered under Republic Act No. 11765 or the  
19 “Financial Products and Services Consumer Protection Act,” shall not be covered under  
20 this Act.  
21

22 Unless expressly specified, nothing in this Act shall be construed as to diminish or  
23 deprive the regulatory jurisdiction conferred by law upon other government agencies with  
24 respect to regulated services that fall within the scope of e-commerce.  
25

26 **SEC. 5. E-commerce Bureau.** – To ensure the attainment of the objectives of this  
27 Act and to promote the growth of e-commerce, the E-Commerce Division created through  
28 Department of Trade and Industry (DTI) Department Order No. 09-16 in accordance with  
29 Section 29 of Republic Act No. 8792 or the “Electronic Commerce Act of 2000,” is hereby  
30 abolished, and an E-commerce Bureau under the DTI shall be created to perform the  
31 following functions:  
32

- 33 (a) Implement, monitor, and ensure compliance of the provisions of this Act;  
34
- 35 (b) Mandate entities engaged in e-commerce to register with the Online Business  
36 Registry;  
37
- 38 (c) Formulate policies, plans, and programs to ensure the robust and dynamic  
39 development of e-commerce;  
40
- 41 (d) Identify regulatory gaps affecting the e-commerce sector that are not sufficiently  
42 addressed by this Act or existing laws or regulations, and recommend appropriate  
43 executive or legislative measures that foster the growth of the sector;  
44
- 45 (e) Act as a virtual one-stop shop tasked to receive and address consumer complaints  
46 on unresolved internet transactions between parties, facilitate the speedy resolution  
47 of consumer complaints by the respective government agency having jurisdiction  
48 over the same, and track complaints referred to or initiated by it *motu proprio* to  
49 ensure the speedy and appropriate action by the agency to which such matters  
50 pertain or otherwise have been referred to;  
51
- 52 (f) Coordinate with, or petition, whenever appropriate, any entity, government agency,  
53 or instrumentality to act on any matter related to e-commerce consumer complaints;  
54
- 55 (g) Monitor internet market behavior, consult with stakeholders and concerned  
56 agencies to better understand e-commerce transactions, and prepare and conduct  
57 periodic studies on the same; and

- 1 (h) Collate with the various departments of the national government and the local  
2 government units (LGUs) in the implementation of projects and programs promoting  
3 e-commerce, including information and education, as well as in ensuring a policy  
4 regime that is proactive;

5  
6 **SEC. 6. Composition of the Bureau.** – The Bureau shall be headed by a Director  
7 who must have sufficient knowledge and background in e-commerce and online  
8 transactions, and all the laws and processes related thereto. The Director shall be  
9 assisted by three (3) Assistant Directors: for policy and administration, for enforcement,  
10 and for operations.

11  
12 The Director and all Assistant Directors shall be appointed by the President, upon  
13 the recommendation of the DTI Secretary, and must be career executive officers with at  
14 least five (5) years of government service, and such other relevant experience in e-  
15 commerce development.

16 The DTI Secretary shall determine the organizational structure and staffing pattern  
17 of the Bureau, subject to the approval of the Department of Budget and Management  
18 (DBM) Secretary.

19  
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 manage  
23 an Online Business Registry (OBR) which shall provide consumers access to data and  
24 information of e-marketplaces, e-retailers online merchants, and such other digital  
25 platforms engaged in the sale of goods, services, and digital products for purposes of  
26 verifying their existence, confirming their identity, and other such relevant or needed  
27 information.

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

33  
34 **SEC. 9. Authority to Issue Take-Down Order.** – Whenever the Bureau finds, by  
35 its own initiative or upon petition of a consumer or other concerned party, that the online  
36 sale of goods, services, or digital products is violative of this Act, the provisions of  
37 Republic Act No. 7394, or the “Consumer Act of the Philippines,” or any other related  
38 laws, the DTI Secretary, in order to abate any further violations, shall have the power to:

- 39  
40 (a) Impose an order, as a form of penalty, directing that the violative online product  
41 listing, webpage, business page, application, social media post, profile, website, or  
42 when applicable, any platform of the online merchant or e-retailer related to the  
43 illegal product, be taken down, or the same be made inaccessible in the Philippines,  
44 whether temporarily or permanently; and  
45  
46 (b) Issue an advisory that no entity shall process any payments made to any violating  
47 entity to ensure that the latter shall be rendered commercially inoperative.

48  
49 *Provided,* that the DTI Secretary may immediately issue a provisional take-down  
50 order to prevent grave and irreparable injury to the public, when the following conditions  
51 are present:

- 52  
53 (a) When the DTI Secretary finds that a good, service, or digital product is imminently  
54 injurious, unsafe, or dangerous; or

1 (b) When the seller under investigation has been previously penalized under this  
2 Section.

3  
4 Whenever the DTI Secretary orders the immediate take-down, recall, ban, or seizure  
5 of an illegal product from public online sale or distribution, the seller, distributor,  
6 manufacturer, or producer thereof shall be given an opportunity to be heard within forty-  
7 eight (48) hours from the issuance of such order. For this purpose, the DTI shall  
8 promulgate the necessary rules and regulations defining illegal products, including videos  
9 or other digital products that are in violation of Republic Act No. 9775, otherwise known  
10 as the "Anti-Child Pornography Act of 200," and Republic Act No. 9995, otherwise known  
11 as the "Anti-Photo and Video Voyeurism Act of 2009," and other similar products that  
12 appeal to prurient interest in accordance with relevant laws and jurisprudence.

13  
14 The take-down order, whether imposed as a penalty or provisionally granted, shall  
15 be directed against the e-retailer, online merchant, or the owner or operator of the e-  
16 marketplace or digital platform. Copies of the order shall likewise be served on entities  
17 whose cooperation is necessary for its enforcement, such as, but not limited, to the duly  
18 registered internet service provider involved, related payment gateways, and other  
19 government agencies.

20  
21 The DTI Secretary may revoke the take-down order after hearing the explanation  
22 submitted by the seller, distributor, manufacturer, or producer; in which case, the order  
23 revoking the take-down order shall be served on the entities mentioned and in the same  
24 manner stated in the preceding paragraphs.

25  
26 **SEC. 10. Referral of Complaints.** – The Bureau shall refer any complaint it  
27 received involving violation of other laws committed in the course of an online or e-  
28 commerce transaction to the appropriate regulatory authority for action. The Bureau shall  
29 track the complaints or referrals made to other authorities and coordinate with them to  
30 ensure that matters are duly resolved in accordance with Republic Act No. 11032, or the  
31 "Ease of Doing Business and Efficient Government Service Delivery Act of 2018."

32  
33 **SEC. 11. Obligations of E-Marketplaces and other Digital Platforms. –**

34  
35 (a) E-Marketplaces and e-commerce digital platforms shall ensure that their e-  
36 commerce transactions:

- 37  
38 (1) Are clearly identifiable as an e-commerce transaction;  
39  
40 (2) Identify the person or persons on whose behalf the e-commerce transaction is  
41 made; and  
42  
43 (3) Identify any promotional offers, including discounts, premiums, gifts, and any  
44 promotional game or competition, and ensure that any condition to qualify for  
45 them are easily accessible, and clearly set forth.

46  
47 (b) E-Marketplaces and e-commerce digital platforms shall require all online merchants  
48 to submit the following, prior to listing with their platforms:

- 49  
50 (1) Name of the online merchant accompanied by at least two (2) valid  
51 government identification cards or registration documents;  
52  
53 (2) Geographic address where the online merchant is located;  
54  
55 (3) Contact details of the online merchant which must include a mobile or landline  
56 number and a valid e-mail address; and

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

5  
6 Except for the government identification cards or registration documents  
7 mentioned under Section 11(b)(1), the information required under this  
8 paragraph shall be published or posted on the e-commerce platforms for  
9 transparency.

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

14  
15 (d) E-Marketplaces and e-commerce digital platforms shall not allow the sale of  
16 regulated goods, such as, but not limited, to chemicals, food, and drugs without  
17 verifying the online merchant's compliance with regulatory permits and licenses,  
18 sale procedures and limitations, and other relevant conditions for the sale as may  
19 be imposed by any law, rule or regulation, whether national or local. Upon its  
20 discovery or non-compliance by an online merchant registered with its platform, e-  
21 marketplaces and e-commerce digital platforms shall report such fact to the Bureau  
22 within fifteen (15) days from discovery thereof.

23  
24 (e) E-Marketplace and e-commerce digital platforms shall submit to the DTI their  
25 registration documents such as articles of incorporation issued by the Philippine  
26 Securities and Exchange Commission or counterpart foreign agencies and/or  
27 appropriate registration documents with the Bureau of Internal Revenue.

28  
29 **SEC. 12. Obligations of E-Retailers and Online Merchants.** – An e-retailer or  
30 online merchant of goods, services, or digital products, as defined under this Act, shall  
31 exercise the following responsibilities:

32  
33 (a) Ensure that the goods are received by the online consumer:

34  
35 (1) In the same condition, type, quantity, and quality as described and stated and,  
36 in applicable circumstances, possess the functionality, compatibility,  
37 interoperability, and other features required by the sales contract, fit for the  
38 purpose for which it was intended by its nature;

39  
40 (2) In the same condition, type, quantity, and quality of a sample, picture, or model  
41 of the goods shown by the e-retailer or online merchant upon request of the  
42 online consumer, or of additional descriptions or specification provided by the  
43 e-retailer or online merchant upon inquiries made by the online consumer; and

44  
45 (3) Fit the particular purpose for which the online consumer requires them, as  
46 communicated to the e-retailer or online merchant at the time of the perfection  
47 of the contract, and which the e-retailer or online merchant has accepted.

48  
49 (b) All the goods shall:

50  
51 (1) Be delivered together with its accessories, including all other packaging,  
52 installation inclusions, any user manual or other instructions as advertised or  
53 as described, if applicable, with relevant information stated in the packaging,  
54 printed or written in Filipino and/or English; and

55  
56 (2) Possess qualities and performance capabilities including functionality,  
57 compatibility, and interoperability that are standard and normal in goods of the



- 1 same type which the consumer may expect given its nature and considering  
2 any public statement or testimonial made by, or on behalf of the e-retailer,  
3 online merchant, or other persons in earlier links of the chain of transactions,  
4 including the producer, unless the e-retailer or online merchant shows that:  
5
- 6 i. The e-retailer or online merchant was not, and could not have been,  
7 reasonably aware of the statement in question;  
8
  - 9 ii. By the time on conclusion of the contract, the statement had already  
10 been corrected; or  
11
  - 12 iii. The decision to buy the goods could not have been influenced by the  
13 statement.  
14
- 15 (c) Where the e-retailer or online merchant is a digital product provider, it shall ensure  
16 that the digital product has the qualities and performance features, in relation to  
17 functionality, compatibility, interoperability, accessibility, continuity, and security,  
18 which are standard and normal for a digital product of the same type as advertised  
19 or described.  
20
- 21 (d) Where the contract provides that the digital product is to be supplied or made  
22 accessible to the online consumer over a period of time, the e-retailer or online  
23 merchant may modify the digital product beyond what is necessary for its  
24 maintenance, if the following conditions are met:  
25
- 26 (1) The contract allows, and provides a valid reason for, such a modification;  
27
  - 28 (2) Such a modification is made without additional cost to the consumer; and  
29
  - 30 (3) The online consumer is informed in a clear and comprehensible manner of the  
31 modification.  
32
- 33 (e) Where the transaction involves a digital platform that offers a performance of a  
34 service, the e-retailer or online merchant shall ensure the completion of the same,  
35 in accordance with the contract and as advertised.  
36
- 37 (f) An e-retailer or an online merchant that operates its own digital platform shall publish  
38 on its homepage the following:  
39
- 40 (1) Name of the e-retailer or online merchant;  
41
  - 42 (2) Geographic address where the e-retailer or online merchant is located; and  
43
  - 44 (3) Contact details of the e-retailer or online merchant, which must include a  
45 mobile or landline number and a valid e-mail address to ensure direct and  
46 efficient communication with consumers.  
47
- 48 The foregoing shall be submitted to the Bureau and must be  
49 accompanied by at least two (2) government identification cards or registration  
50 documents as valid proof of identity.  
51
- 52 (g) Where the e-retailer or online merchant is an online delivery service platform, it shall  
53 require its consumers to register by showing valid proof of identity, and an e-mail  
54 address or mobile phone number.  
55

- 1 (h) E-retailers or online merchants shall issue paper or electronic invoices or receipts  
2 for all sales. An electronic invoice or receipt shall have the same legal effect as a  
3 paper invoice or receipt.
- 4 (i) E-retailers and online merchants shall submit to the DTI their registration documents  
5 such as articles of incorporation issued by the Philippine Securities and Exchange  
6 Commission or counterpart foreign agencies and/or appropriate registration  
7 documents with the Bureau of Internal Revenue.

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

13  
14 **SEC. 13. *Rights and Obligations of Online Consumers.* –**

- 15  
16 (a) When the online merchant is liable to the consumer because of a lack of conformity  
17 with the contract, the consumer may pursue any of the following remedies:
- 18  
19 (1) A repair or replacement of the goods or digital product which must be  
20 completed within a reasonable time and without any significant inconvenience  
21 to the consumer, taking into account the nature and the purpose for which the  
22 consumer acquired such;
- 23  
24 (2) A proportionate reduction of the price if the consumer chooses to keep the  
25 good or digital product despite the lack of conformity with the contract, or the  
26 termination of the contract with the restitution of the price, in the following  
27 instances:
- 28  
29 i. When the repair or replacement is impossible or unlawful;  
30 ii. The online merchant has not completed repair or replacement within a  
31 reasonable time;  
32 iii. When repair or replacement may cause significant inconvenience to the  
33 consumer; or  
34 iv. When the online merchant has declared, or it is equally clear from the  
35 circumstances, that the online merchant may not bring the goods or  
36 digital product in conformity with the contract within a reasonable time;
- 37  
38 (3) When applicable, the consumer is entitled to withhold the payment of any  
39 outstanding part of the purchase price until the online merchant has brought  
40 the goods or digital product in conformity with the contract.
- 41  
42 (4) The consumer is not entitled to a remedy to the extent that the consumer has  
43 contributed to any ambiguity or lack of conformity with the contract or its  
44 effects.
- 45  
46 (5) When the online merchant remedies the lack of conformity with the contract by  
47 replacement, the online merchant is entitled to the return of the replaced goods  
48 or digital products at the online merchant's expense, unless otherwise agreed  
49 upon by the parties.
- 50  
51 (6) When the consumer had installed the goods or digital products in a manner  
52 consistent with their nature and purpose, before the lack of conformity with the  
53 contract became apparent, the costs for the removal of the non-conforming  
54 goods or digital products, the installation of the replacement and all associated  
55 costs shall be for the account of the online merchant.
- 56

- 1 (7) In case of goods or digital products that do not conform with the contract, the  
2 consumer is not liable to pay for the use of the non-conforming goods or digital  
3 products prior to its replacement.  
4
- 5 (8) The consumer may exercise the choice in the alternative between repair or  
6 replacement of the purchased good or digital product, unless such choice is  
7 impossible, in which case the consumer may choose to terminate the contract  
8 and return the item, and the online merchant shall refund the full amount paid  
9 by the consumer.  
10
- 11 (b) Consumers of online delivery service platforms may hold delivery carriers  
12 liable for damages if the latter fail to exercise due diligence and reasonable  
13 care over the goods transported by them.  
14
- 15 (c) To protect the rights of delivery carriers, it shall be unlawful for consumers to:  
16
- 17 (1) Cancel confirmed orders for the delivery of food or grocery items when  
18 the said items have already been paid for by, or is already in the  
19 possession of the online delivery partner or delivery service, or is  
20 otherwise in transit to the consumer unless:  
21 i. The consumer uses credit card services as a means for the  
22 payment of the service and the payment will still be credited  
23 notwithstanding the cancellation;  
24  
25 ii. The consumer remits the reimbursement and payment to the online  
26 delivery partner as a precondition for the cancellation of the order;  
27 or  
28  
29 iii. The delivery of goods will be or was delayed for at least one (1) hour  
30 from the expected time of arrival due to the fault or negligence of  
31 the online delivery partner or delivery service.  
32
- 33 (2) Use the personal information of another person, such as, but not limited  
34 to, name, address, and contact number when registering in online  
35 delivery service platforms;  
36
- 37 (3) Place an order under the name of another person, unless the latter  
38 consented to the same, or placing an order using a fictitious name and/or  
39 address; or  
40
- 41 (4) Unreasonably shame, demean, embarrass, or humiliate online delivery  
42 partners.  
43

44 **SEC. 14. Right to Terminate the Contract.** – If the goods or digital products  
45 delivered do not conform to the specifications as provided under the contract, the  
46 consumer may exercise the right to terminate the contract by giving notice to the online  
47 merchant. Where the lack of conformity relates to only some, but in no case not more  
48 than 50% of the value of the goods or digital products delivered under the contract, the  
49 consumer may terminate the contract only in relation to the non-conforming goods or  
50 digital products, and any such accessory acquired as an adjunct to the same.

51  
52 When the consumer terminates the contract as a whole or in relation to some of the  
53 non-conforming goods or digital products delivered:

- 54 (a) The online merchant shall reimburse to the consumer the price paid not later than  
55 fourteen (14) days from receipt of the notice and without undue delay whatsoever;  
56

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

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

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

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

- 32 (a) The ODR shall be an interactive website accessible electronically and free of  
33 charge. The DTI, through the Bureau, shall be responsible for its operation, including  
34 its maintenance, updating, funding, and data security. The ODR platform must be  
35 user-friendly and easily accessible. It shall also ensure compliance with the  
36 provisions and requirements of Republic Act No. , and compliant with Republic Act  
37 No. 10173, or the "Data Privacy Act of 2012."  
38
- 39 (b) The DTI shall establish a network of ODR contact points from different government  
40 agencies involved in consumer complaints as specified in the Consumer Act of the  
41 Philippines, including the Department of Agriculture (DA), Department of Tourism  
42 (DOT), and the Department of Health (DOH), among others. The Intellectual  
43 Property Office of the Philippines (IPO) shall also be part of the ODR network.  
44
- 45 (c) Each agency shall have a designated ODR contact point whose name and contact  
46 information are to be submitted to the DTI. The head of the agency shall confer  
47 responsibility to the respective ODR contact points to ensure that timely and  
48 competent support is provided to the resolution of complaints and disputes  
49 submitted through the ODR platform.  
50
- 51 (d) The ODR platform shall have the following functions:  
52
- 53 (1) Provide an electronic form where parties may submit their complaints or  
54 disputes for resolution;  
55

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

- 17  
18 (a) If it fails to provide an accessible and responsive mechanism for consumers to  
19 dispute, be refunded, or validly cancel orders. For this purpose, refunds to cash-  
20 paying customers should also be in cash;  
21  
22 (b) When the online e-commerce platform fails to properly resolve disputes, refunds, or  
23 valid cancellation of orders of consumers within a reasonable time;  
24  
25 (c) If it fails to take necessary measures to prevent or curtail the sale or distribution of  
26 the products which are illegal, do not comply with existing laws, or otherwise infringe  
27 on intellectual property rights;  
28  
29 (d) If it fails to take necessary measures to prevent or curtail the sale or distribution of  
30 the products which are illegal, do not comply with existing laws, or otherwise infringe  
31 on intellectual property rights within a reasonable period.  
32

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

- 37  
38 (1) The online e-commerce platform offers a simple and straightforward  
39 procedure for consumers, rights-holders, or online merchants to report  
40 the existence of illegal or infringing goods, services, or digital products in  
41 the platform;  
42  
43 (2) Consumers, rights-holders, and online merchants are properly informed  
44 on the policy implementing such procedure;  
45  
46 (3) Any report of illegal or infringing goods, services, or digital products shall  
47 be expeditiously acted upon through investigations, suspensions, and  
48 take-down measures, if necessary, by the platform;  
49  
50 (4) If the online e-commerce platform fails to comply with the requirements  
51 of this Act involving the collection, publication, and submission of online  
52 merchant information; and  
53  
54 (5) If the e-commerce platform operator fails, after notice, to act expeditiously  
55 to remove, or disable access to, goods, services, or digital products  
56 appearing on their platform that they know or should have known to be

1 non-compliant with law, or otherwise infringe on intellectual property  
2 rights.

3  
4 **SEC. 18. E-commerce Philippine Trustmark.** – To provide assurance of safety  
5 and security in transactions over the internet, an e-commerce Philippine Trustmark shall  
6 be developed for online merchants.

- 7  
8 (a) A Trustmark and Trustmark Portal shall be created which shall be administered and  
9 managed by the DTI.  
10  
11 (b) A Trustmark on the website of an online merchant signifies that the company is  
12 committed to guarantee honesty, fairness, and integrity in dealing with its  
13 customers, and is committed to refrain from engaging in any illegal, fraudulent,  
14 unethical, or unfair business practices.  
15  
16 (c) In case of a complaint involving the purchase of their products or services, online  
17 merchants with the Trustmark shall give consumers the option of filing claims  
18 through the Trustmark portal, if the online merchant's customer care service has not  
19 been able to resolve the issue.  
20  
21 (d) The Trustmark shall be linked to the DTI's online dispute resolution.  
22  
23 (e) The Trustmark shall be considered an official document for purposes of the crime of  
24 falsification as defined under the Revised Penal Code and other related laws. Any  
25 e-marketplace, e-retailer, online merchant, or e-commerce digital platform that is  
26 found guilty of falsifying or forging the E-commerce Philippine Trustmark, shall be  
27 subjected to a take-down order in accordance with Section 9 of this Act.  
28

29 **SEC. 19. Implementing Agencies, Rules, and Regulations.** – Within sixty (60)  
30 days from the promulgation of this Act, the DTI, in consultation with the Department of  
31 Information and Communications Technology (DICT), IPO, Department of Health (DOH),  
32 and other relevant government agencies, and upon proper consultation with stakeholders,  
33 shall issue the rules and regulations for the effective implementation of this Act.  
34

35 **SEC. 20. Jurisdiction of other Agencies.** – The agencies mentioned in Section 19  
36 of this Act shall continue to exercise the powers and duties provided to them under  
37 existing laws, unless repealed or modified accordingly.  
38

39 **SEC. 21. Penalties.** –  
40

- 41 (a) Any e-marketplace, e-retailer, online merchant, or e-commerce digital platform that  
42 is found guilty of any deceptive, unfair, or unconscionable sales act or practice as  
43 provided under the Consumer Act of the Philippines, done through the internet, shall  
44 be subjected to a take-down order in accordance with Section 9 of this Act. It shall  
45 also be punished with a fine of not less than Fifty Thousand Pesos (PhP50,000.00)  
46 but not more than Five Hundred Thousand Pesos (PhP500,000.00), or an  
47 imprisonment of not less than five (5) months but not more than one (1) year, or  
48 both, upon the discretion of the court.  
49  
50 (b) Any e-marketplace, e-retailer, online merchant, or e-commerce digital platform that  
51 sells or allows the sale of illegal, or imminently injurious, unsafe, or dangerous  
52 goods, services, or digital products shall be subject to a take-down order in  
53 accordance with Section 9 of this Act. It shall also be punished with:  
54  
55 (1) Imprisonment of one (1) year to three (3) years, plus a fine ranging from Fifty  
56 Thousand Pesos (PhP50,000.00) to One Hundred Fifty Thousand Pesos  
57 (PhP150,000.00) for the first offense;

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- (2) Imprisonment of three (3) years and one (1) day to six (6) years, plus a fine ranging from One Hundred Fifty Thousand Pesos (PhP150,000.00) to Five Hundred Thousand Pesos (PhP500,000.00) for the second offense;
- (3) Imprisonment of six (6) years and one (1) day to nine (9) years, plus a fine ranging from Five Hundred Thousand Pesos (PhP500,000.00) to One Million Five Hundred Thousand Pesos (PhP1,500,000.00) for the third and subsequent offenses;
- (c) Any e-retailer or online merchant who shall willfully or unreasonably refuse to provide the remedies under Section 13(a) of this Act, shall be subjected to a take-down order in accordance with Section 9 of this Act, and be punished with a fine of not less than One Hundred Thousand Pesos (PhP100,000.00) but not more than Three Hundred Thousand Pesos (PhP300,000.00) in addition to the payment of the actual value of the goods or digital products involved;
- (d) Any person who shall violate Section 13(c) of this Act shall be punished with a penalty of *arresto mayor* or a fine not exceeding One Hundred Thousand Pesos (PhP100,000.00), without prejudice to any other available remedies under existing laws.

In case any violation of this Act is committed by a partnership, corporation, or any juridical entity, the President, General Manager and responsible officers who consented to, or knowingly tolerated such violation, shall be criminally liable.

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

**SEC. 23. Separability Clause.** – If, for any reason, any part, section, or provision of this Act is held invalid or unconstitutional, the remaining provisions not affected shall continue to be in full force and effect.

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

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

*Approved,*