



HOUSE OF REPRESENTATIVES

H. No. 5790

BY REPRESENTATIVES ABAYA, DUAVIT, VELARDE, ROMUALDO, LEE,
LAGDAMEO (M.), RIDON, TINIO AND DELA CRIZ, PER COMMITTEE
REPORT NO. 736

AN ACT PROMOTING CONSUMER PROTECTION ON THE PURCHASE
OF MOBILE COMMUNICATION DEVICES BY ALLOWING
CONSUMERS TO UNLOCK THE MOBILE WIRELESS DEVICES
PRIOR TO THE EXPIRATION OF THE LOCK-IN PERIOD UNDER
THE MOBILE COMMUNICATION SERVICE CONTRACT

*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 “Consumer
2 Protection on Mobile Communication Service Contract”.

3 SEC. 2. *Declaration of Policy.* – The State recognizes the vital role of
4 information and communications technology in nation building, and consistent
5 with the provisions of Article 2, Title I of the Consumer Act of the Philippines,
6 the State shall protect the interests of the consumer, promote the general
7 welfare and establish standards of conduct for business and industry. Towards
8 this end, the State shall implement measures to achieve the following
9 objectives:

10 (a) Protection against deceptive, unfair and unconscionable sales acts
11 and practices; and

1 (b) Provision of information and education to facilitate sound choice
2 and the proper exercise of rights by the consumer.

3 SEC. 3. *Definition of Terms.* -- As used in this Act: and

4 (a) *Mobile communication service contract* refers to an agreement
5 between a mobile communication and data network service provider and a
6 consumer for a post-paid subscription on the use of the provider's network
7 facilities for wireless communications and other internet applications services
8 covering a particular period of time. Such contract may include the provision
9 of mobile communication device or devices free of charge upon the condition
10 that the consumer shall maintain its subscription with the service provider over
11 a period of time otherwise known as the "lock-in period"; and

12 (b) *Lock-in period* refers to the term of the contract between the
13 service provider and the consumer wherein the latter must maintain monthly
14 subscription at an agreed period to the exclusion of other service providers.

15 SEC. 4. *Prohibition Against Lock-in Period Provision in Mobile*
16 *Communication Service Contract.* -- A mobile communication and data
17 network service provider that provides a locked device to the consumer, as part
18 of a subscription contract, shall:

19 (a) For subsidized devices, unlock the communication device or give
20 consumers the means to unlock the device at the rate provided by the service
21 provider or any of its designated service agent, upon request prior to the
22 expiration of the lock-in period of the device. After the lock-in period,
23 unlocking of the device shall be free and automatic; and

24 (b) For unsubsidized devices, unlock the device upon purchase.

25 SEC. 5. *Penalties.* -- Any violation of the provisions of this Act shall
26 be punished with a fine ranging from five thousand pesos (P5,000.00) to five
27 hundred thousand pesos (P500,000.00), at the discretion of the court. An
28 additional penalty of suspension of its operation shall likewise be imposed on

1 any dealer, retailer, or seller who fails to comply with the provisions of this
2 Act.

3 SEC. 6. *Implementing Rules and Regulations.* – The Department of
4 Trade and Industry (DTI) in coordination with the National
5 Telecommunications Commission (NTC) and other concerned agencies shall,
6 within ninety (90) days from the effectivity of this Act, promulgate the
7 implementing rules and regulations (IRR) for the effective implementation of
8 this Act.

9 SEC. 7. *Separability Clause.* – If any provision or part hereof is held
10 invalid or unconstitutional, the other provisions not otherwise affected shall
11 remain valid and subsisting.

12 SEC. 8. *Repealing Clause.* – All laws, decrees, issuances, orders,
13 letters of instruction, rules and regulations or portions thereof contrary to or
14 inconsistent with any of the provisions of this Act are hereby repealed,
15 modified, or amended accordingly.

16 SEC. 9. *Effectivity.* – This Act shall take effect fifteen (15) days after
17 its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,

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