

**NINETEENTH CONGRESS OF THE** ]  
**REPUBLIC OF THE PHILIPPINES** ]  
*First Regular Session* ]

'22 JUL -7 P3:57

**SENATE**

RECEIVED BY: 

**S.B. No. 154**

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**Introduced by SEN. WIN GATCHALIAN**

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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**

One of the positive consequences of the COVID-19 pandemic has been the exponential growth in e-commerce transactions. Google and Temasek's 2021 e-Economy SEA Report<sup>1</sup> emphasizes the significant growth of the country's internet economy from USD9 billion in Gross Merchandise Value (GMV) in 2020 to USD17 billion in GMV in the succeeding year. This was driven by a double digit growth in e-commerce transactions from USD5 billion in GMV in 2020 to USD12 billion in GMV in 2021, and is projected to grow to USD26 billion in GMV in 2025. Notably, the Philippines has the lowest digital consumer<sup>2</sup> penetration in the region at 68%, lower than Singapore (97%), Thailand (90%), Malaysia (81%), Indonesia (80%) and Vietnam (71%). This, on the other hand, tells us of the huge potential for growth in e-commerce transactions.

However, with the rapid growth of e-commerce transactions, several unscrupulous and abusive traders have ventured to exploit digital consumers through

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<sup>1</sup> [https://services.google.com/fh/files/misc/philippines\\_e\\_economy\\_sea\\_2021\\_report.pdf](https://services.google.com/fh/files/misc/philippines_e_economy_sea_2021_report.pdf)

<sup>2</sup> Internet users who have bought something online at least once

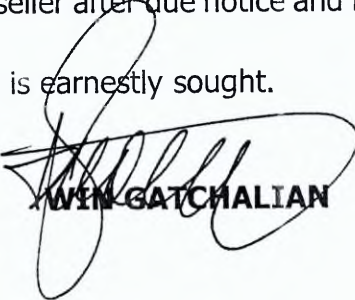
this new venue of trading. Meager regulatory controls in a borderless environment where products can only be seen through pictures or videos, its use and functionality can only be assessed through product description and representations, and personal information needs to be given to complete the transaction expose consumers to various risks related to product quality, functionality, reliability, data privacy, security, fraud and misrepresentation, among others.

In fact, an increasing number of complaints have been reported by the Department of Trade and Industry (DTI), which suggests the absence or inadequacy of grievance mechanisms to address consumer concerns. In 2020, 15,967 complaints on online transactions were received by the DTI compared to 2,457 complaints in the previous year. Even though the number of complaints received by DTI declined to 7,470 as of August 2021, it remains to be double of that received by DTI in 2019.

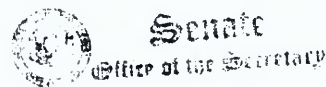
With the objective of harnessing the full potential of the Philippine e-commerce market, we have to strengthen digital consumer confidence in e-commerce transactions by ensuring that adequate grievance mechanisms are in place, rights and obligations of the stakeholders have been set and the role of the regulatory authority over digital marketplaces and online digital platforms have been set.

Thus, the proposed measure paves the way for the establishment of a singular office, the E-commerce Bureau under the Department of Trade and Industry, that will act as a one-stop shop for consumer complaints on unresolved e-commerce transactions and compliance monitoring, among others. It mandates the DTI to exercise primary jurisdiction over e-marketplaces, e-retailers, online merchants, and other digital platforms that sell or allow the sale or exchange of goods. It defines the obligations of e-marketplaces and other digital platforms, e-retailers and online merchants as well as provides for the rights and obligations of online consumers. It also enumerated circumstances when the e-marketplace or e-commerce digital platform will be solidarily liable with its listed online seller after due notice and hearing.

In view of the foregoing, approval of this bill is earnestly sought.



WIN GATCHALIAN



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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  
5 growth of electronic commerce (e-commerce) in the country by building mutual trust  
6 between online sellers and consumers. The State recognizes the value and potential  
7 of the digital economy to increase competition and improve productivity, thus the need  
8 to establish secure and reliable eCommerce platforms where goods and services are  
9 transacted online with appropriate transparency and utmost efficiency to encourage  
10 the creation of new products, services, business models and processes. Towards these  
11 ends, the State shall ensure sustainable and fair e-commerce business practices  
12 through transparent and appropriate information disclosure, secured online  
13 transactions, the maintenance and protection of data privacy rights, the promotion of  
14 innovation, competition and use of fair advertising practices, and an emphasis on the

1 paramount importance of product safety. Likewise, the State shall provide  
2 meaningful access to effective mechanisms for the resolution of any and all disputes  
3 involving e-commerce, including alternative dispute resolution methods.  
4

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

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

9 (b) *Consumer-to-consumer transactions (C2Cs)* refer to isolated  
10 transactions of an individual or group of individuals with another  
11 individual or group of individuals, done for personal, family, or household  
12 purposes, and not done in the ordinary course of business of any of the  
13 parties to the transaction;

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

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

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

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

- 1 (g) *Digital Products* refer to goods and services produced and supplied in  
2 digital form such as, but not limited to, video, audio, applications, digital  
3 games, and any and all other software that allows the consumer to  
4 create, process, download, store, or access digital content, or allows the  
5 sharing of the same, or any such other interaction with digital content  
6 provided by other users of the service;
- 7 (h) *E-commerce Philippine Trustmark* refers to the mark approved by the E-  
8 commerce Bureau signifying the legitimacy and verified status of an  
9 online merchant and provides for consumer protection in online or e-  
10 commerce transactions and, whenever applicable, accountability in case  
11 of consumer complaints;
- 12 (i) *E-commerce or Online Transaction* refers to an exchange or transfer of  
13 goods and services using the internet;
- 14 (j) *E-Marketplace* refers to a digital platform such as, but not limited to,  
15 eBay, Amazon, Shopee, Lazada, Carousell, Facebook Marketplace,  
16 among others, whose business is to connect online consumers and  
17 online merchants, facilitating the exchange of information regarding  
18 products or services for the purpose of entering into an e-commerce  
19 transaction such as the purchase of goods and services, tangible or  
20 intangible, and which may or may not provide information or services  
21 about payments and logistics;
- 22 (k) *E-Retailer* refers to a natural or juridical person engaged in selling  
23 products or services, tangible, or intangible, directly to online consumers  
24 through his own website or any other digital platform;
- 25 (l) *Interoperability* refers to the ability of the digital product to function with  
26 hardware or software different from those with which the digital product  
27 of the same type is normally used;
- 28 (m) *Online Consumer* refers to a natural or juridical person who may be a  
29 purchaser, lessee, recipient, or a prospective purchaser, lessor, or  
30 recipient, of goods and digital products sold, exchanged, leased, or  
31 transacted over the internet;

- 1 (n) *Online Delivery Partner* refers to a delivery carrier that performs delivery  
2 services through an online delivery service platform under contract with  
3 a digital platform or an E-marketplace;
- 4 (o) *Online Delivery Service* refers to the delivery of food, parcels, or any  
5 other item, contracted through a digital platform which may be an  
6 application, website, webpage, social media account, or any similar  
7 means, operated by an online delivery service platform;
- 8 (p) *Online Delivery Service Platform* refers to any natural or juridical person  
9 engaged in providing online delivery service for a fee through any digital  
10 platform; and,
- 11 (q) *Online Merchant* refers to any natural or juridical person selling or  
12 manufacturing, or otherwise offers for sale or manufacture, any goods  
13 or digital products in the ordinary course of business, either through an  
14 e-marketplace, social media, website, application, or via any digital  
15 platform over the internet.
- 16

17 SEC. 4. *Scope and Coverage.* – This Act shall apply to the sale or exchange of  
18 goods, services or digital products in the course of trade or business whether between  
19 businesses, households, individuals, and other public or private organizations,  
20 conducted over the internet. Consumer to consumer internet transactions, and  
21 transactions involving financial products and services defined in Republic Act No.  
22 11765, otherwise known as the “Financial Products and Services Consumer Protection  
23 Act”, shall not be covered under this Act.

24 Unless expressly specified, nothing in this Act shall be construed as to diminish  
25 or deprive the regulatory jurisdiction conferred by law upon other government  
26 agencies with respect to regulated services that fall within the scope of eCommerce.  
27

28 SEC. 5. *E-commerce Bureau.* – To ensure the attainment of the objectives of  
29 this Act and promote the growth of eCommerce, the E-commerce Division created  
30 through DTI Department Order No. 09-16 in accordance with Section 29 of Republic  
31 Act No. 8792 or the “*Electronic Commerce Act of 2000*” is hereby abolished, and an

1 E-commerce Bureau under the Department of Trade and Industry (DTI) shall be  
2 created to perform the following functions:

- 3 (a) Implement, monitor, and ensure compliance of the provisions of this Act;
- 4 (b) Mandate entities engaged in e-commerce to register with the Online  
5 Business Registry;
- 6 (c) Formulate policies, plans, and programs to ensure the robust and  
7 dynamic development of e-commerce;
- 8 (d) Identify regulatory gaps affecting the e-commerce sector that are not  
9 sufficiently addressed by this Act or by existing laws or regulations, and  
10 recommend appropriate executive or legislative measures that foster the  
11 growth of the sector;
- 12 (e) Act as a virtual one-stop shop tasked to receive and address consumer  
13 complaints on unresolved internet transactions between parties,  
14 facilitate the speedy resolution of consumer complaints by the respective  
15 government agency having jurisdiction over the same, and track  
16 complaints referred to or initiated by it *motu proprio* to ensure the  
17 speedy and appropriate action by the agency to which such matters  
18 pertain or otherwise have been referred to;
- 19 (f) Coordinate with, or petition whenever appropriate, any entity,  
20 government agency, or instrumentality to act on any matter related to  
21 e-commerce consumer complaints;
- 22 (g) Monitor internet market behavior, consult with stakeholders and  
23 concerned agencies to better understand e-commerce transactions, and  
24 prepare and conduct periodic studies on the same; and
- 25 (h) Collaborate with the various departments of the national government  
26 and the local government units (LGUs) in the implementation of projects  
27 and programs promoting e-commerce, including information and  
28 education, as well as in ensuring a policy regime that is proactive;

29  
30 SEC. 6. *Composition of the Bureau.* – The Bureau shall be headed by a Director  
31 who must have sufficient knowledge and background in e-commerce and online  
32 transactions, and all the laws and processes related thereto. The Director shall be

1 assisted by three (3) Assistant Directors: for policy and administration, for  
2 enforcement, and for operations.

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

7 The DTI Secretary shall determine the organization structure and staffing  
8 pattern of the Bureau, subject to the approval of the Department of Budget and  
9 Management Secretary.

10

11 *SEC. 7. Online Business Registry (OBR).* – Within a period of one (1) year from  
12 the effectivity of this Act, the Bureau shall, in coordination with the Department of  
13 Information and Communications Technology (DICT), establish, maintain, and  
14 manage an Online Business Registry (OBR) which shall provide consumers access to  
15 data and information of e-marketplaces, e-retailers, online merchants, and such other  
16 digital platforms engaged in the sale of goods, services, and digital products for  
17 purposes of verifying their existence, confirming their identity, and other such relevant  
18 or needed information

19

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

24

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

30 (a) Impose an order, as a form of penalty, directing that the violative online  
31 product listing, webpage, business page, application, social media post,  
32 profile, website or when applicable, any platform of the online merchant



1 or e-retailer related to the illegal product, be taken down, or the same  
2 be made inaccessible in the Philippines, whether temporarily or  
3 permanently; and

- 4 (b) Issue an advisory that no entity shall process any payments made to any  
5 violating entity to ensure that the latter shall be rendered commercially  
6 inoperative.

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

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

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

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

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

28  
29 SEC. 10. *Referral of Complaints.* – The Bureau shall refer any complaint it  
30 receives involving violation of other laws committed in the course of an online or e-  
31 commerce transaction to the appropriate regulatory authority for action. The Bureau  
32 shall track the complaints or referrals made to other authorities and coordinate with

1 them to ensure that matters are duly resolved in accordance with Republic Act No.  
2 11032, otherwise known as the "*Ease of Doing Business and Efficient Government*  
3 *Service Delivery Act of 2018*".

4  
5 SEC. 11. *Obligations of E-Marketplaces and other Digital Platforms*–

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

- 8 (i) Are clearly identifiable as an e-commerce transaction;  
9 (ii) Identify the person or persons on whose behalf the e-commerce  
10 transaction is made; and  
11 (iii) Identify any promotional offers including discounts, premiums,  
12 gifts, and any promotional game or competition, and ensure that  
13 any condition to qualify for them are easily accessible, and clearly  
14 set forth.

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

- 17 (i) Name of the online merchant accompanied by at least two (2)  
18 valid government identification cards or registration documents;  
19 (ii) Geographic address where the online merchant is located;  
20 (iii) Contact details of the online merchant which must include a  
21 mobile or landline number and a valid e-mail address; and  
22 (iv) In instances when the online merchant exercises a regulated  
23 profession, the online merchant shall be required to submit details  
24 of membership in any professional body or similar relevant  
25 institution with which the online merchant is registered or  
26 otherwise is a member of.

27 Except for the government identification cards or registration  
28 documents mentioned under Section 11(b)(i), the information required  
29 under this paragraph shall be published or posted on the e-commerce  
30 platforms for transparency.

31 (c) E-Marketplaces and e-commerce digital platforms are mandated to  
32 maintain a list of all online merchants registered under their platform,

1 which shall be regularly verified. This list shall be submitted to the  
2 Bureau and updated every six (6) months.

- 3 (d) E-Marketplaces and e-commerce digital platforms shall not allow the sale  
4 of regulated goods such as, but not limited to, chemicals, food, and  
5 drugs without verifying the online merchant's compliance with regulatory  
6 permits and licenses, sale procedures and limitations, and other relevant  
7 conditions for the sale as may be imposed by any law or local  
8 government regulation. Upon its discovery of non-compliance by an  
9 online merchant registered with its platform, e-marketplaces and e-  
10 commerce digital platforms shall report such fact to the Bureau within  
11 fifteen (15) days from discovery thereof.

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

- 16 (a) Ensure that the goods are received by the online consumer:  
17 (i) In the same condition, type, quantity, and quality as described  
18 and stated and, in applicable circumstances, possess the  
19 functionality, compatibility, interoperability, and other features  
20 required by the sales contract, fit for the purpose for which it was  
21 intended by its nature;  
22 (ii) In the same condition, type, quantity and quality of a sample,  
23 picture, or model of the goods shown by the e-retailer or online  
24 merchant upon request of the online consumer, or of additional  
25 descriptions or specifications provided by the e-retailer or online  
26 merchant upon inquiries made by the online consumer; and  
27 (iii) It must also be fit for the particular purpose for which the online  
28 consumer requires them, as communicated to the e-retailer or  
29 online merchant at the time of the perfection of the contract, and  
30 which the e-retailer or online merchant has accepted;  
31 (b) All the goods shall:

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

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

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

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

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

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

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

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

17 The foregoing shall be submitted to the Bureau and must be  
18 accompanied by at least two (2) government identification cards or  
19 registration documents as valid proof of identity.

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

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

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

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

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

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

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

14               1. When repair or replacement is impossible or  
15               unlawful;

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

18               3. When repair or replacement may cause significant  
19               inconvenience to the consumer; or

20               4. When the online merchant has declared, or it is  
21               equally clear from the circumstances, that the online  
22               merchant may not bring the goods or digital product  
23               in conformity with the contract within a reasonable  
24               time;

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

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

1 (v) When the online merchant remedies the lack of conformity  
2 with the contract by replacement, the online merchant is  
3 entitled to the return of the replaced goods or digital products  
4 at the online merchant's expense, unless otherwise agreed  
5 upon by the parties;

6 (vi) When the consumer had installed the goods or digital  
7 products in a manner consistent with their nature and  
8 purpose, before the lack of conformity with the contract  
9 became apparent, the costs for the removal of the non-  
10 conforming goods or digital products, the installation of the  
11 replacement and all associated costs shall be for the account  
12 of the online merchant;

13 (vii) In case of goods or digital products that do not conform with  
14 the contract, the consumer is not liable to pay for the use of  
15 the non-conforming goods or digital products prior to its  
16 replacement;

17 (viii) The consumer may exercise the choice in the alternative  
18 between repair or replacement of the purchased good or  
19 digital product, unless such choice is impossible, in which case  
20 the consumer may choose to terminate the contract and  
21 return the item, and the online merchant shall refund the full  
22 amount paid by the consumer.

23 (b) Consumers of online delivery service platforms may hold delivery carriers  
24 liable for damages if the latter fail to exercise due diligence and  
25 reasonable care over the goods transported by them.

26 (c) To protect the rights of delivery carriers, it shall be unlawful for  
27 consumers to:

28 (i) Cancel confirmed orders for the delivery of food or grocery  
29 items when the said items have already been paid for by, or  
30 is already in the possession of the online delivery partner or  
31 delivery service, or is otherwise in transit to the consumer  
32 unless:

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

- 11                   (ii)    Use the personal information of another person such as, but
- 12                             not limited to, name, address, and contact number when
- 13                             registering in online delivery service platforms;
- 14                   (iii)   Place an order under the name of another person, unless the
- 15                             latter consented to the same, or placing an order using a
- 16                             fictitious name and/or address; or
- 17                   (iv)    Unreasonably shame, demean, embarrass, or humiliate online
- 18                             delivery partners.

19

20                   SEC. 14. *Right to Terminate the Contract.* – If the goods or digital products

21 delivered do not conform to the contract, the consumer may exercise the right to

22 terminate the contract by giving notice to the online merchant. Where the lack of

23 conformity relates to only some of the goods or digital products delivered under the

24 contract, the consumer may terminate the contract only in relation to the non-

25 conforming goods or digital products and any such accessory acquired as an adjunct

26 to the same.

27                   When the consumer terminates a contract as a whole or in relation to some of

28 the non-conforming goods or digital products delivered:

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



1 (b) Upon receipt of the reimbursement from the online merchant, the  
2 consumer shall return, at the online merchant's expense, the goods or  
3 digital products not later than fourteen (14) days from the receipt of the  
4 reimbursement and without undue delay whatsoever, provided that the  
5 online merchant may waive this requirement at any time;

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

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

17  
18 SEC. 15. *Damages.* – The online merchant is liable for damages to the  
19 consumer due to the lack of conformity with the contract of the goods or digital  
20 products: *Provided*, that such becomes apparent within six (6) months from receipt of  
21 the said goods or digital product.

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

24  
25 SEC. 16. *Online Dispute Resolution.* – The DTI shall develop an Online Dispute  
26 Resolution (ODR) platform which is a single point of entry for parties to e-commerce  
27 transactions that are seeking out-of-court resolution of disputes when the platforms  
28 or merchants fail to resolve or assist consumers with their concerns.

29 (a) The ODR shall be an interactive website accessible electronically and  
30 free of charge. The DTI, through the Bureau, shall be responsible for its  
31 operation, including its maintenance, updating, funding, and data

1 security. The ODR platform must be user-friendly, easily accessible, and  
2 data privacy compliant.

3 (b) The DTI shall establish a network of ODR contact points from different  
4 government agencies involved in consumer complaints as specified in  
5 Republic Act No. 7394, otherwise known as the "*Consumer Act of the*  
6 *Philippines*", including the Department of Agriculture (DA), Department  
7 of Tourism (DOT), and the Department of Health (DOH), among others.  
8 The Intellectual Property Office of the Philippines (IPO) shall also be part  
9 of the ODR network.

10 (c) Each agency shall have a designated ODR contact point whose name  
11 and contact information are to be submitted to the DTI. The head of the  
12 agency shall confer responsibility to the respective ODR contact points  
13 to ensure that timely and competent support is provided to the resolution  
14 of complaints and disputes submitted through the ODR platform.

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

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

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

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

25 (e) The DTI shall ensure that the information on the website is accurate, up  
26 to date and accessible.

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

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

- 4           (a) If it fails to provide an accessible and responsive mechanism for  
5 consumers to dispute, be refunded, or validly cancel orders. For this  
6 purpose, refunds to cash-paying customers should also be in cash;  
7           (b) When the online e-commerce platform fails to properly resolve disputes,  
8 refunds, or valid cancellation of orders of consumers within a reasonable  
9 time;  
10          (c) If it knows or should have known that the goods, services or digital  
11 products sold are illegal, do not comply with existing laws, or otherwise  
12 infringe on intellectual property rights;  
13          (d) If it fails to take necessary measures to prevent or curtail the sale or  
14 distribution of the products which are illegal, do not comply with existing  
15 laws, or otherwise infringe on intellectual property rights within a  
16 reasonable period.

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

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

- 1 (e) If the online e-commerce platform fails to comply with the requirements  
2 of this Act involving the collection, publication, and submission of online  
3 merchant information; and
- 4 (f) If the e-commerce platform operator fails, after notice, to act  
5 expeditiously to remove, or disable access to, goods, services or digital  
6 products appearing on their platform that they know or should have  
7 known to be non-compliant with law, or otherwise infringe on intellectual  
8 property rights.

9

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

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

30

31 SEC. 19. *Implementing Agencies, Rules, and Regulations.* – Within sixty (60)  
32 days from the promulgation of this Act, the necessary rules and regulations shall be

1 formulated and issued by the DTI, in consultation with the DICT, IPO, DOH and other  
2 relevant government agencies necessary for the proper implementation of this Act.

3  
4 SEC. 20. *Jurisdiction of Other Agencies.* – The agencies mentioned in Section  
5 19 of this Act shall continue to exercise the powers and duties provided to them under  
6 existing laws, unless repealed or modified accordingly.

7  
8 SEC. 21. *Penalties.* –

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

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

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

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

31 (iii) Imprisonment of six (6) years and one (1) day to nine (9)  
32 years plus a fine ranging from Five Hundred Thousand Pesos

1 (PhP500,000.00) to One Million Five Hundred Thousand Pesos  
2 (PhP1,500,000.00) for the third and subsequent offenses.

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

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

14 In case any violation of this Act is committed by a partnership, corporation or  
15 any juridical entity, the President and the General Manager, who shall consent to, or  
16 shall knowingly tolerate such violation shall be criminally liable.

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

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

27  
28 SEC. 24. *Repealing Clause.* – All laws, decrees, orders, issuances, rules and  
29 regulations or parts thereof which are inconsistent with this Act are hereby repealed  
30 or modified accordingly.

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

*Approved,*