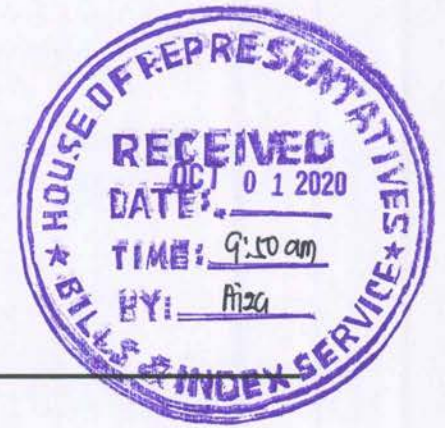


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session



COMMITTEE REPORT NO. 543

Submitted by the **COMMITTEE ON TRADE AND INDUSTRY** and the **COMMITTEE ON APPROPRIATIONS** on **OCT 01 2020**

Re : **House Bill No. 7805**

Recommending its approval in substitution of House Bill Nos. 6122 and 6958

Sponsors : Representatives Wes T. Gatchalian, Eric Go Yap and Alfredo A. Garbin, Jr.

Mr. Speaker:

The **COMMITTEE ON TRADE AND INDUSTRY** and the **COMMITTEE ON APPROPRIATIONS** to which were referred:

House Bill No. 6122 introduced by Representative Wes T. Gatchalian, entitled:

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

and **House Bill No. 6958**, introduced by Rep. Alfredo A. Garbin, Jr., entitled:

**AN ACT
PROVIDING PROTECTION TO INDIVIDUALS ENGAGED IN THE
FOOD AND GROCERY DELIVERY SERVICES**

have considered the same and recommends that the attached House Bill No. **7805**,
entitled:

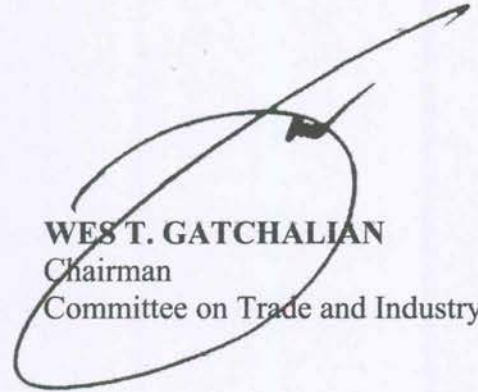
**AN ACT
PROVIDING PROTECTION TO CONSUMERS AND MERCHANTS
ENGAGED IN INTERNET TRANSACTIONS, CREATING FOR THE
PURPOSE THE ELECTRONIC COMMERCE BUREAU, AND
APPROPRIATING FUNDS THEREFOR**

be approved in substitution of House Bill Nos. 6122 and 6958, with Representatives Gatchalian, Yap (E.), Garbin, Barba, Singson-Meehan, Tan (A.S.), Cueva, Villar, Alvarez (F.), Vergara, Zubiri, Biron, Ouano-Dizon, Suntay, Ty (A.), Collantes, Duavit, Aumentado, Campos, Sagarbarria, Lopez (M.), Reyes, Baronda, , Revilla, Tiangco, Cua, Kho, Olivarez, Martinez, Garcia (J.E.), Matugas, Pacquiao, Panotes, Babasa, Calixto, Espino, Go (M.), Unabia, Villa, Banas-Nogralas, Canama, Garin (S.), Mercado, Tan (S.), Bordado, Quimbo, Arenas, Escudero, Savellano, Romualdo, De Venecia, Bolilia, Crisologo, Castro (F.L.), Gaité, Haresco and Go (C.) as authors thereof.

Respectfully Submitted:



ERIC GO YAP
Chairman
Committee on Appropriations



WEST T. GATCHALIAN
Chairman
Committee on Trade and Industry

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
Quezon City

Republic of the Philippines
HOUSE OF REPRESENTATIVES

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7805

(In substitution of House Bills Numbered 6122 and 6958)

Introduced by Representatives Gatchalian, Yap (E.), Garbin, Barba, Singson-Meehan, Tan (A.S.), Cueva, Villar, Alvarez (F.), Vergara, Zubiri, Biron, Ouano-Dizon, Suntay, Ty (A.), Collantes, Duavit, Aumentado, Campos, Sagarbarria, Lopez, Reyes, Baronda, Revilla, Tiangco, Cua, Kho, Olivarez, Martinez, Garcia (J.E.), Matugas, Pacquiao, Panotes, Babasa, Calixto, Espino, Go (M.), Unabia, Villa, Banas-Nogralas, Canama, Garin (S.), Mercado, Tan (Shernee), Bordado, Co (E.), Arenas, Escudero, Savellano, Romualdo, De Venecia, Bolilia, Crisologo, Castro (F.L.), Gaité, Haresco and Go (C.)

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

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

CHAPTER 1

GENERAL PROVISIONS

1
2
3
4 **SECTION 1. Short Title.** – This Act shall be known as the “*Internet*
5 *Transactions Act*”.

6
7 **SEC. 2. Declaration of Policy.** – It is the policy of the State to promote
8 and maintain a robust electronic commerce (eCommerce) environment in the
9 country by building trust between online merchants and consumers. The State
10 recognizes the value and potential of the digital economy to increase competition
11 and improve productivity, thus the need to establish secure and reliable
12 eCommerce platforms where goods and services are transacted online with
13 appropriate transparency and utmost efficiency to encourage the creation of new
14 products, services, business models and processes. Towards these ends, the State

1 shall ensure an effective regulation of commercial activities through the internet or
2 electronic means to ensure that consumer rights and data privacy are protected,
3 innovation is encouraged, fair advertising practices and competition are promoted,
4 online transactions are secured, intellectual property rights are respected, and
5 where product standards and safety are observed.

6
7 **SEC. 3. *Definition of Terms.*** – As used in this Act:
8

9 (a) *Business to business transaction* refers to internet transactions
10 conducted over marketplaces that facilitate business to business
11 electronic sales of new and used merchandise using the internet;
12

13 (b) *Business to consumer transaction* refers to the process of selling
14 products and services by businesses to consumers who are end-
15 users, generally for a profit;
16

17 (c) *Compatibility* refers to the ability of the digital content or digital
18 service to function with hardware or software with which digital
19 content or digital services of the same type are normally used, without
20 the need to convert the digital content or digital service;
21

22 (d) *Consumer* refers to a person who is a purchaser, lessee, recipient or
23 prospective purchaser, lessor or recipient of consumer products,
24 services, credit, technology, advertising or promotion, and other items
25 in eCommerce;
26

27 (e) *Consumer-to-consumer transactions (C2Cs)* refer to one-off, petty, or
28 occasional low-value transactions of an individual or group of
29 individuals to another that are not made in the ordinary course of
30 business of any party to the transaction;
31

32 (f) *Digital content* refers to data which are produced and supplied in
33 electronic form;

34 (g) *Digital service* refers to a service that allows the consumer to create,
35 process, store or access data in electronic form or allows the sharing

1 of or any other interaction with data in electronic form uploaded or
2 created by the consumer or other users of that service;
3

4 (h) *Digital financial services* refer to services of a financial nature that are
5 made available to the public through the internet, including banking
6 services, insurance and insurance-related services, payment and
7 money transmission services, including remittance services, online
8 lending services, online investment services, and other similar or
9 related services;

10
11 (i) *Electronic commerce* or *eCommerce* refers to the production,
12 distribution, marketing, sale, or delivery of goods and services by
13 electronic means;

14
15 (j) *eCommerce platform operator* refers to a natural or juridical person
16 that solicits the purchase of goods and services through digital
17 platforms and marketplaces whose business is to connect consumers
18 and online merchants, facilitating sales of products, goods or services
19 through the internet with the presence and use of monetary
20 transactions. These shall include social media websites and any other
21 similar platforms in so far that it is used for business;

22
23 (k) *Functionality* refers to the ability of the digital content or digital
24 service to perform its functions according to its purpose;

25
26 (l) *Goods* refer to physically or digitally produced items over which
27 ownership rights may be established and whose economic ownership
28 may be passed from one institutional unit to another by engaging in
29 transactions;

30
31 (m) *Internet access and service provider* refer to an entity that provides
32 households, businesses, and government access to the internet
33 through the physical transport infrastructure;

- 1 (n) *Internet retailing of consumer goods* refers to engaging in any
2 eCommerce activity other than online travel services, online media,
3 ride hailing services, and digital financial services;
4
- 5 (o) *Internet transaction* refers to the sale or purchase of goods or services,
6 whether between businesses, households, individuals, governments,
7 and other public or private organizations, conducted over the internet.
8 At least one point of these transactions is conducted over the internet
9 but the payment and ultimate delivery of the goods or service may be
10 conducted on or offline;
11
- 12 (p) *Interoperability* refers to the ability of the digital content or digital
13 service to function with hardware or software different from those
14 with which digital content or digital services of the same type are
15 normally used;
16
- 17 (q) *Online merchant* refers to a natural or juridical person, regardless of
18 location, that directly sells, manufactures goods, or offers for sale, any
19 good or service, either individually or through a platform, in the
20 ordinary course of business, over the internet, through a website, an
21 online marketplace, a social media website or application or through
22 other similar means;
23
- 24 (r) *Online media* refers to digital media products or services pertaining to
25 advertising, gaming, subscription music, and video on demand,
26 available through an online platform, application, website, webpage,
27 social media account, or other similar platforms operated by the
28 provider, regardless of whether the provider is authorized to engage in
29 eCommerce;
30
- 31 (s) *Online travel services* refer to services that facilitate the reservation,
32 purchase or discounting of flights, hotel accommodations, and
33 vacation rental spaces, through an online platform, application,
34 website, webpage, social media account, or other similar platform

1 operated by the provider, regardless of whether the provider is
2 authorized to engage in eCommerce in the Philippines;

3
4 (t) *Price* refers to money or a digital representation of value that is due in
5 exchange for the supply of goods, services, digital content, or digital
6 service;

7
8 (u) *Producer* refers to the manufacturer or importer of goods, or any
9 person purporting to be a manufacturer who places its name,
10 trademark, or other distinctive sign on goods;

11
12 (v) *Repair* refers to bringing defective goods into conformity with the
13 contract;

14
15 (w) *Ride hailing service* refers to the delivery of food, goods or other
16 merchandise, or of personal transport services, contracted through an
17 online platform, application, website, webpage, social media account,
18 or other similar platform operated by the provider, regardless of
19 whether the provider is authorized to engage in eCommerce in the
20 Philippines;

21
22 (x) *Ride hailing service partner* refers to third-parties who offer their
23 services to transport or deliver food, parcels or any other item, on
24 behalf of ride hailing service providers;

25
26 (y) *Ride hailing service provider* refers to those, who in the ordinary
27 course of trade or business, provide for or facilitate ride hailing
28 services; and

29
30 **SEC. 4. Scope and Coverage.** - Unless otherwise specified, this Act shall
31 apply to any stage of all business-to-business and business-to-consumer
32 eCommerce and internet transactions including those related to the following
33 activities:

34
35 (a) Internet retail of consumer goods and services;

36 (b) Online travel services;

- 1 (c) Online media providers;
- 2 (d) Ride hailing services; and
- 3 (e) Digital financial services.

4
5 Consumer-to-consumer transactions shall be exempt from the operation of
6 this Act, without prejudice to the application of other laws.

7
8 Unless expressly specified, nothing in this Act shall be construed as to
9 diminish or deprive the regulatory jurisdiction conferred by law upon other
10 government agencies with respect to regulated services that fall within the scope of
11 eCommerce.

12
13 **SEC. 5. *Extra-territorial Application.*** – A person engaging in
14 eCommerce who purposefully avails of the Philippine market shall be deemed as
15 doing business in the Philippines and be subject to applicable Philippine laws and
16 regulations, including this Act. One who purposely avails of the Philippine market
17 without establishing any real or legal presence in the Philippines shall be required
18 to notify the eCommerce Bureau created under Section 7 of this Act for inclusion in
19 the Registry of Online Business established under Section 11 of this Act, or may
20 designate a resident agent who shall be authorized to receive on their behalf notices
21 or processes in any legal proceeding in the Philippines. The accessibility of goods
22 and services to consumers in the Philippines shall be considered in ascertaining
23 whether one engaged in eCommerce is purposefully availing the Philippine market.

24
25 **SEC. 6. *Equal Treatment of Online and Offline Commercial Activities.***
26 – Unless otherwise specified, this Act shall be construed to ensure that those who
27 engage in eCommerce may not enjoy any benefit that is more favorable, nor be
28 placed at a disadvantage, in relation to other enterprises that offer goods and
29 services offline in the Philippines.

30
31 **CHAPTER 2**
32 **ECOMMERCE BUREAU**

33 **SEC. 7. *Creation of the eCommerce Bureau.*** – To ensure the attainment
34 of the objectives of this Act and promote the growth of eCommerce, there is hereby
35 created an eCommerce Bureau under the Department of Trade and Industry (DTI),

1 hereinafter referred to as the Bureau, which shall be organized within six (6)
2 months after the effectivity of this Act. The Bureau shall have the following powers
3 and functions:

- 4
- 5 (a) Implement, monitor, and ensure strict compliance by eCommerce
6 stakeholders of the provisions of this Act;
- 7
- 8 (b) Build trust between consumers and sellers by requiring eCommerce
9 platform operators, online merchants, or any other entity who
10 engages in eCommerce to register their business with the Bureau;
- 11
- 12 (c) Formulate policies, plans and programs to ensure the robust and
13 dynamic development of eCommerce;
- 14
- 15 (d) Identify regulatory gaps affecting the eCommerce sector that are not
16 sufficiently addressed by this Act or by existing laws or regulations,
17 and recommend appropriate executive or legislative measures,
18 including those that can be undertaken by the DTI on its own, that
19 fosters the growth of the sector;
- 20
- 21 (e) Act as a virtual central unit tasked to receive and address consumer
22 complaints on internet transactions, facilitate the speedy resolution of
23 consumer complaints by the respective government agency which has
24 jurisdiction over it, and track complaints referred to or initiated by it
25 to ensure the speedy and appropriate action by the agency to which
26 such matters have been referred to;
- 27
- 28 (f) Coordinate with, compel or petition whenever appropriate, any entity,
29 government agency or instrumentality to take action on any matter
30 that may impede eCommerce;
- 31
- 32 (g) Investigate, *motu proprio*, and file the appropriate cases for violations
33 of any provision of this Act;

- 1 (h) Intervene or participate, in a manner as may be appropriate, in cases
2 initiated or pending with other regulatory agencies involving
3 eCommerce or violations of any provision of this Act;
4
- 5 (i) Monitor internet transactions and undertake consultation with
6 stakeholders and affected agencies for the purpose of understanding
7 market behavior in order to update policies relevant to online
8 transactions;
9
- 10 (j) Monitor the compliance of other government agencies or
11 instrumentalities on their compliance to the provisions of this Act and
12 the eCommerce roadmap;
13
- 14 (k) Collect, compile, analyze, abstract, and publish eCommerce data for
15 policy formulation and program development;
16
- 17 (l) Prepare and conduct periodic studies on eCommerce;
18
- 19 (m) Collaborate with departments of the National Government including
20 local government units and government-owned or controlled
21 corporations in implementing programs to promote eCommerce,
22 including information, education, and campaign, as well as in
23 ensuring a policy regime that is proactive; and
24
- 25 (n) Ensure that those who engage in eCommerce may not enjoy any
26 benefit that is more favorable, nor be placed at a disadvantage, in
27 relation to other enterprises that offer goods and services offline in the
28 Philippines.
29

30 In the exercise of the above-stated functions, the Bureau, in coordination
31 with other government agencies, may convene public consultations or inter-agency
32 meetings to ensure multi-stakeholder input in the development of eCommerce
33 policies.
34

35 Government agencies and instrumentalities involved in the maintenance and
36 development of the internet infrastructure of the Philippines, such as the

1 Department of Information and Communications Technology (DICT) and the
2 National Telecommunications Commission (NTC), shall cooperate with the Bureau
3 on issues within their respective regulatory jurisdiction that affect the conduct of
4 eCommerce.

5
6 **SEC. 8. Composition of the Bureau.** – The Bureau shall be headed by a
7 Director to be appointed by the President of the Philippines, as recommended by
8 the Secretary of Trade and Industry.

9
10 The Director shall oversee the day-to-day operations of the Bureau and
11 shall be assisted by three (3) Assistant Directors each for policy and
12 administration, enforcement, and operations.

13
14 The Secretary of Trade and Industry shall determine the organizational
15 structure and staffing pattern of the Bureau, subject to the approval of the
16 Secretary of Budget and Management.

17
18 **SEC. 9. Subpoena.** - In the exercise of its powers under this Act, the
19 Director of the Bureau shall have the power to issue summons, *subpoena ad*
20 *testificandum* and *subpoena duces tecum* to alleged violators or witnesses to compel
21 their attendance and the production of documents in investigations or proceedings
22 before the Bureau.

23
24 The failure to comply with a *subpoena ad testificandum* or *subpoena duces*
25 *tecum* shall authorize the filing of a case for indirect contempt under the Rules of
26 Court with the Regional Trial Court. A certification duly issued by the Bureau that
27 a respondent to the *subpoena ad testificandum* or *subpoena duces tecum* refuses
28 to comply with the same, despite due notice, shall be sufficient evidence to
29 authorize the Regional Trial Court to cite the respondent with contempt. The
30 Regional Trial Court shall likewise have the authority to issue any such order or
31 relief, including imprisonment, in order to compel compliance with the *subpoena*
32 *ad testificandum* or *subpoena duces tecum*. The Regional Trial Court may, in
33 addition, also issue a *subpoena ad testificandum* or *subpoena duces tecum*
34 addressed to the respondents identical to the one subject of the complaint.

1 **SEC. 10. Authority to Promulgate Rules and Regulations.** - As the focal
2 authority of the National Government for the development of policies and strategies
3 towards the growth of eCommerce, the Bureau shall have the authority to
4 promulgate rules and regulations covering areas or activities concerning
5 eCommerce and to impose fines to compel compliance with such rules. The grant of
6 this rule-making authority to the Bureau shall be ancillary to any duly constituted
7 regulatory jurisdiction granted or that may be granted to other government
8 agencies by law, including Executive Order No. 292, series of 1987, instituting the
9 “Administrative Code of 1987”, Republic Act No. 7394, otherwise known as the
10 “Consumer Act of the Philippines”, Republic Act No. 7653, as amended, otherwise
11 known as “The New Central Bank Act”, Republic Act No. 8293, as amended,
12 otherwise known as the “Intellectual Property Code of the Philippines”, Republic Act
13 No. 8799, otherwise known as the “Securities Regulation Code”, Republic Act No.
14 9239, otherwise known as the “Optical Media Act of 2003”, Republic Act No. 9593,
15 otherwise known as the “Tourism Act of 2009”, Republic Act No. 10173, otherwise
16 known as the “Data Privacy Act of 2012”, Republic Act No. 10667, otherwise
17 known as the “Philippine Competition Act”, Republic Act No. 11127, otherwise
18 known as “The National Payment Systems Act”, and Republic Act No. 11232,
19 otherwise known as the “Revised Corporation Code”.

20
21 The Bureau shall defer the exercise of rule-making power to the above-listed
22 government agencies conferred by law with regulatory jurisdictions over
23 eCommerce providers or platforms, unless the other agency declines to exercise its
24 jurisdiction or does not act within a timely manner.

25
26 **SEC. 11. Registry of Online Business (ROB).** – Within a period of one (1)
27 year from the effectivity of this Act, the Bureau shall, in coordination with the
28 DICT, establish, manage and maintain a ROB which shall provide consumers
29 access to data and information of registered online business entities for purposes of
30 verifying the validity, existence of and other relevant information pertaining to
31 business entities.

32
33 The DICT, in consultation with the DTI, the National Privacy Commission
34 (NPC), the Philippine Competition Commission (PCC) and other concerned agencies,
35 shall issue the rules and regulations to govern the development, management,
36 operation, and maintenance of the ROB.

1 **CHAPTER 3**

2 **SUPERVISION OF ECOMMERCE**

3
4 **SEC. 12. Authority to Issue Take Down Order.** – The Secretary of Trade
5 and Industry, upon due notice and hearing regarding violations of this Act, the
6 Consumer Act of the Philippines, or any other related trade or consumer laws,
7 operating to the grave and irreparable prejudice of a consumer or a rights holder,
8 shall have the power to issue an order directing that a website, webpage, online
9 application, social media account, or other similar platform, be taken down, made
10 inaccessible in the Philippines, or that no entity shall process any payment to any
11 of those entities, or otherwise be rendered commercially inoperative, in order to
12 abate any further violations.

13
14 The said provisional take down order shall be directed against the owner or
15 operator of the website, webpage, online application, social media account, as well
16 as duly registered internet service provider, as well as payment gateways or
17 channels. Copies of the order shall likewise be served on other government
18 agencies whose cooperation would be required for the enforcement of the same.

19
20 The order shall remain in effect for a maximum period of thirty (30) days
21 unless otherwise extended or made permanent by a judicial order or decision.

22
23 **SEC. 13. Cease and Desist Order.** – The Secretary of Trade and Industry
24 shall have the power to issue an order directing a website, webpage, online
25 application, social media account, or other similar platform operating to the grave
26 and irreparable prejudice of a consumer or a rights holder, to desist from
27 marketing or offering goods or services that are accessible in the Philippines, and
28 directing that no payments shall be made to any entity which, upon due notice and
29 hearing, is marketing or offering such goods or services in violation of this Act, the
30 Consumer Act of the Philippines, or any other related trade or consumer laws.

31
32 The cease and desist order shall remain in effect for a maximum of thirty
33 (30) days unless otherwise extended or made permanent by a judicial order or
34 decision.

1 **SEC. 14. Referral of Complaints.** – The Bureau shall refer any complaint
2 it receives involving violation of other laws committed in the course of eCommerce
3 activities to the appropriate regulatory authority for action. If the complaint or
4 violation pertains to the violation of the provisions of Republic Act No. 10175,
5 otherwise known as the “Cybercrime Prevention Act of 2012”, the matter shall be
6 referred to the Department of Justice (DOJ) for appropriate investigation. In cases
7 where appropriate, the DTI may itself initiate the formal complaint with the
8 appropriate regulatory authority or the DOJ. The Bureau shall track any such
9 complaint or referral made to other authorities and coordinate with them to ensure
10 that the said matters are duly resolved within a reasonable period.

11
12 **SEC. 15. Qualifications to Engage in eCommerce.** – The following are
13 presumed legally authorized to engage in eCommerce in the Philippines in the
14 ordinary course of their trade or business:

- 15 (a) An individual who is duly licensed to do business as a single-
16 proprietor with the DTI;
17
18 (b) A juridical entity that is duly registered with the Securities and
19 Exchange Commission (SEC), whether as a corporation, a one-person
20 corporation, or as a partnership;
21
22 (c) A cooperative that is duly licensed by the Cooperative Development
23 Authority (CDA);
24
25 (d) A foreign corporation that is duly licensed by the SEC to transact
26 business in the Philippines; and
27
28 (e) A non-resident foreign individual or juridical entity who has complied
29 with Section 11 of this Act.

30
31 A resident of the Philippines who engages, abets, or aids in unauthorized
32 eCommerce activities in the ordinary course of trade or business shall be subject to
33 any appropriate penalty as may be provided by law and shall in the same manner
34 as the party engaged in such unauthorized eCommerce activities.

1 A person who is authorized to engage in eCommerce in the Philippines and
2 who facilitates the sale of a digital product or service by one who is not so
3 authorized is deemed primarily liable for any obligation, damage, or fine, that may
4 arise from the transaction or from the digital product.

5
6 A non-resident of the Philippines who engages in eCommerce by purposefully
7 availing of the Philippine market may not evade legal liability in the Philippines by
8 virtue of non-residency or non-registration, and shall be subject to the same
9 obligations and liabilities arising from any transaction as those who are authorized
10 to engage in eCommerce in the Philippines.

11
12 **SEC. 16. Business Registration.** –

- 13
14 (a) To encourage the formation of business enterprises, the growth and
15 integrated development of the eCommerce market, and protection of
16 online consumers, all individuals engaged in eCommerce shall register
17 as a business either as a sole proprietor, one-person corporation,
18 partnership, corporation, or cooperatives.
- 19
20 (b) Consistent with Republic Act No. 11032, otherwise known as the
21 “Ease of Doing Business and Efficient Government Service Delivery
22 Act of 2018,” all national government agencies and local government
23 units (LGUs) shall make available online registration of business
24 permits and licenses particularly for those engaged in eCommerce.
- 25
26 (c) The SEC, LGUs, and the CDA shall submit to the Bureau an annual
27 list of registered enterprises for monitoring and for purposes of
28 maintaining a database of online merchants and eCommerce platform
29 operators.
- 30

31 **CHAPTER 4**

32 **CONSUMER RIGHTS AND OBLIGATIONS**

33 **INVOLVING INTERNET TRANSACTIONS**

34
35 **SEC. 17. Code of Conduct.** – To build trust in internet transactions and to
36 protect and uphold the interest of consumers at all times, all businesses engaged in

1 eCommerce are expected to act responsibly, consistent with the following
2 principles:

- 3
- 4 (a) Consumers shall be treated with honesty, integrity, and fairness at all
5 times;
- 6
- 7 (b) The rights of consumers shall be applied equally;
- 8
- 9 (c) Business entities shall refrain from engaging in illegal, fraudulent,
10 unethical, or unfair business practices that harm consumers and
11 shall comply with applicable laws and regulations, especially the
12 protection of intellectual property rights;
- 13
- 14 (d) Accurate information about goods and services marketed and sold
15 online to Philippine consumers shall be given and made available to
16 consumers;
- 17
- 18 (e) Goods and services sold online must conform to Philippine regulatory
19 standards;
- 20
- 21 (f) The safety of goods and services marketed or sold online must not be
22 compromised and products that have been recalled in the offline retail
23 market must not be marketed or sold online;
- 24
- 25 (g) Goods and services must be easily accessible, accurately described,
26 and promoted through fair advertising and marketing practices;
- 27
- 28 (h) Consumers must be given the correct and complete information about
29 costs through a sales invoice or an official receipt detailing the
30 particular costs of the good or service purchased, including shipping
31 or delivery charges. Hidden charges or additional costs such as
32 customs duties or currency conversion charges must be avoided
- 33
- 34 (i) The tracking of deliveries must be provided as part of services of
35 online merchants or eCommerce platform operators and goods

1 purchased must be delivered within the promised time and in
2 described condition to the address provided by the consumer;

3
4 (j) A cancellation option must be provided wherein consumers are given
5 the opportunity to review their online purchases before finally
6 confirming their purchase or withdrawing from a confirmed
7 transaction in appropriate circumstances;

8
9 (k) Consumer complaints must be dealt with through fair, easy,
10 transparent and equitable mechanisms for consumer redress. If
11 warranted, compensation, refund, repair, and replacement should be
12 provided to the consumer;

13
14 (l) Data privacy laws and regulations, including Republic Act No. 10173,
15 otherwise known as the "Data Privacy Act of 2012," and other similar
16 laws and regulations shall be strictly complied with;

17
18 (m) The safety and security of online payments and sensitive data shall be
19 safeguarded through the use of secure technology and protocols
20 including those evidenced by visible trust certificates or any
21 appropriate similar certification as may emerge in the future;

22
23 (n) The transmission of unsolicited commercial email or bulk email,
24 except those subject to the control and discretion of the consumer
25 through readily accessible configurations that allow the consumer to
26 choose whether they wish to receive or opt-out from commercial
27 messages by email or electronic means, must be avoided;

28
29 (o) The production of fake online reviews or spreading wrong information
30 about competitors is improper and must be avoided;

31
32 (p) Consumers must be educated about the risks of transacting through
33 the internet and shall be provided competent and professional advice;
34 and

- 1 (q) Competing fairly with other businesses and adherence to competition
2 principles and all applicable competition laws and regulations,
3 including Republic Act No. 10667, otherwise known as the “Philippine
4 Competition Act”, shall ensure the robust development of eCommerce
5 and the economy.
6

7 Whenever appropriate, the DTI shall issue rules and regulations
8 corresponding to international trends, developments and best practices that it may
9 adopt and implement.
10

11 **SEC. 18. Obligations of eCommerce Platform Operators.** – eCommerce
12 platform operators shall have the following obligations:
13

- 14 (a) Ensure that any commercial communication shall:
15

- 16 (1) Be clearly identifiable as a commercial communication;
17
18 (2) Clearly identify the person on whose behalf the commercial
19 communication is made;
20
21 (3) Clearly identify any promotional offer including any discount,
22 premium, or gift, and ensure that any condition which must be
23 met to qualify for it is easily accessible, and presented clearly
24 and unambiguously; and
25
26 (4) Clearly identify any promotional competition or game and
27 ensure that any condition for participation is easily accessible
28 and presented clearly and unambiguously;
29

- 30 (b) Require all online merchants, prior to the commencement of online
31 transactions to submit the following to eCommerce platform
32 operators:
33

- (1) Name of the online merchant;

- 1 (2) Registration documents of the online merchant from the
2 appropriate LGU, the DTI or SEC, and the Bureau of Internal
3 Revenue (BIR);
4
- 5 (3) Geographic address at which the online merchant may be
6 served summons or any other judicial processes in its name
7 and behalf;
- 8 (4) Contact details of the online merchant, such as a mobile or
9 landline number, and a valid electronic mail address, which
10 makes it possible to immediately and easily contact and
11 communicate with the online merchant in a direct and effective
12 manner; and
13
- 14 (5) Details of any professional body or similar institution with
15 which the online merchant is registered, in instances when the
16 online merchant exercises a regulated profession;
17
- 18 (c) Maintain a file of all online merchants registered under their platform
19 containing the information provided by online merchants in
20 paragraph (b) of this Section;
21
- 22 (d) Publish on their website, webpage, social media account, or other
23 similar platform, the following general information:
24
- 25 (1) Name of the online merchant;
26
- 27 (2) Registration documents of the online merchant from the
28 appropriate LGU, the DTI or SEC, and the BIR;
29
- 30 (3) Geographic address at which the online merchant may be
31 served summons or any other judicial processes in its name
32 and behalf;
33
- 34 (4) Contact details of the online merchant, a mobile or landline
35 number, or a valid electronic mail address, which makes it

1 possible to immediately and easily contact and communicate
2 with the online merchant and communicate in a direct and
3 effective manner, unless the eCommerce online platform
4 establishes means to facilitate communication between online
5 merchants and consumers; and
6

7 (5) Details of any professional body or similar institution with
8 which the online merchant is registered, in instances when the
9 online merchant exercises a regulated profession;

10
11 (e) Submit to the Bureau a list of all online merchants registered under
12 their platform. When an eCommerce platform operator discovers that
13 an onboarded online merchant has not obtained registration
14 documents from the relevant regulatory agency, it shall report such
15 fact to the Bureau within fifteen (15) days from discovery thereof.
16

17 (f) Cooperate with regulators, in accordance with existing laws and
18 regulations, in any investigation, or resolution of consumer
19 complaints.
20

21 **SEC. 19. Internet Transactions Involving Consumers.** – An online
22 merchant of goods shall exercise the following responsibilities:
23

24 (a) Deliver or cause the delivery of goods to the consumer, ensuring that
25 the following are complied with:
26

27 (1) The goods are of the description, type, quantity, and quality,
28 and possess the functionality, compatibility, interoperability
29 and other features, as required by the sales contract. The
30 online merchant must show a digital sample or model of the
31 goods to the consumer and the goods possess the quality of
32 and correspond to the description of the sample or model;
33 possess the qualities and performance features, including in
34 relation to functionality, compatibility, interoperability,
35 accessibility, continuity, and security, normal for digital
36 content or digital services of the same type and of which the

1 consumer may reasonably expect; fit for any particular purpose
2 for which the consumer requires them and which the consumer
3 made known to the online merchant at the time of the
4 conclusion of the contract, and which the online merchant has
5 accepted; and possess the qualities and performance
6 capabilities indicated in any pre-contractual statement which
7 forms an integral part of the contract.
8

9 (2) All goods shall:

10
11 (i) Be delivered along with the accessories including
12 packaging, installation instructions or other instruction
13 as the consumer may expect to receive; and
14

15 (ii) Possess qualities and performance capabilities which are
16 normal in goods of the same type and which the
17 consumer may expect given the nature of the goods and
18 taking into account any public statement made by or on
19 behalf of the online merchant or other persons in earlier
20 links of the chain of transactions, including the
21 producer, unless the online merchant shows that: the
22 online merchant was not, and could not reasonably have
23 been aware of the statement in question; by the time of
24 conclusion of the contract, the statement had been
25 corrected; or the decision to buy the goods could not
26 have been influenced by the statement.
27

28 (b) Be liable for any lack of conformity with the contract which exists at
29 the time when:
30

31 (1) The consumer or a person acting on behalf of the consumer
32 has acquired the physical possession of the goods, or when the
33 goods are handed over to the carrier chosen by the consumer,
34 and that carrier was not proffered by the online merchant or
35 where the online merchant proposes no means of carriage;

1 (2) The goods have been installed by the online merchant or under
2 the online merchant's responsibility. The time at which the
3 installation has been completed shall be considered the time
4 when the consumer acquires physical possession of the goods;
5

6 (3) The goods have been installed by the consumer in accordance
7 with the online merchant's installation instructions. The
8 expiration of a reasonable period for installation, which shall
9 not be more than thirty (30) days, shall be considered the time
10 when the consumer acquires the physical possession of the
11 goods.
12

13 (4) The goods are incorrectly installed. Any lack of conformity
14 resulting from the correct installation is regarded as lack of
15 conformity with the contract of the goods if:

16 (i) The goods were installed by the online merchant or
17 under the online merchant's responsibility; and
18

19 (ii) The goods, intended to be installed by the consumer,
20 were installed by the consumer and the correct
21 installation was due to a shortcoming in the installation
22 instructions.
23

24 (c) Where the contract provides that the digital content or digital service
25 is to be supplied or made accessible to the consumer over a period of
26 time, the online merchant may modify the digital content or digital
27 service beyond what is necessary to maintain the digital content or
28 digital service in conformity with the contract, if the following
29 conditions are met:
30

31 (1) The contract allows, and provides a valid reason for, such a
32 modification;
33

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

1
2 (3) The consumer is informed in a clear and comprehensible
3 manner of the modification.
4

5 (d) Where the online merchant operates its own website, webpage, social
6 media account, or any other similar platform, it shall publish on its
7 homepage the following:
8

9 (1) Name of the online merchant;
10

11 (2) Registration documents of the online the appropriate LGU, the
12 DTI or SEC, the BIR, and other appropriate regulatory
13 authorities;
14

15 (3) Geographic address at which the online merchant may be
16 served summons or any other judicial processes in its name
17 and behalf;
18

19 (4) Contact details of the online merchant, a mobile or landline
20 number, and a valid electronic mail address, which makes it
21 possible to immediately and easily contact and communicate
22 with the online merchant and communicate in a direct and
23 effective manner; and
24

25 (5) Details of any professional body or similar institution with
26 which the online merchant is registered, in instances when the
27 online merchant exercises a regulated profession.
28

29 Any agreement is valid only if, at the time of the conclusion of the contract,
30 the consumer has knowledge of the specific condition of the goods and the
31 consumer has expressly accepted this specific condition when concluding the
32 contract.
33

34 **SEC. 20. Right to Redress by Online Merchants.** – Where the online
35 merchant is liable to the consumer because of a lack of conformity with the
36 contract resulting from an act or omission by a person in earlier links of the chain

1 of transactions, the online merchant is entitled to pursue remedies against the
2 person or persons liable in the chain of transactions.

3 The person against whom the online merchant may pursue remedies and the
4 relevant actions and conditions to exercise must be in accordance with the
5 following:

6
7 (a) Repairs must be completed and replacements delivered within a
8 reasonable time and without any significant inconvenience to the
9 consumer, taking into account the nature of the goods and the
10 purpose for which the consumer acquired the goods;

11
12 (b) A proportionate reduction of the price or the termination of the
13 contract, including restitution of the price, in the following instances:

14
15 (1) A repair or replacement is impossible or unlawful;

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

19
20 (3) A repair or replacement may cause significant inconvenience to
21 the consumer; or

22
23 (4) The online merchant has declared, or it is equally clear from
24 the circumstances that the online merchant may not deliver
25 the goods in conformity with the contract within a reasonable
26 time;

27
28 (c) The consumer is entitled to withhold the payment of any outstanding
29 part of the price, until the online merchant has brought the goods
30 into conformity with the contract;

31
32 (d) The consumer is not entitled to a remedy to the extent that the
33 consumer has contributed to the lack of conformity with the contract
34 or its effects;

1 (e) Where the online merchant remedies the lack of conformity with the
2 contract by replacement, the online merchant may take back the
3 replaced goods at the online merchant's expense unless the parties
4 have agreed otherwise after the lack of conformity with the contract
5 has been brought to the online merchant's attention by the consumer;
6

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

12 (g) In case of goods that do not conform to the contract, the consumer is
13 not liable to pay for using the non-conforming goods prior to its
14 replacement;
15

16 (h) The consumer may choose between repair and replacement unless the
17 option chosen is impossible, unlawful or, imposes costs upon the
18 online merchant that is disproportionate, taking into account all
19 circumstances, including:
20

21 (1) The value of the goods, if the goods conformed to the contract;
22

23 (2) The significance of the lack of conformity with the contract; and
24

25 (3) Whether the alternative remedy may be completed without
26 significant inconvenience to the consumer.
27

28 The reduction of price should be proportionate to the decrease in the value of
29 the goods which were received by the consumer compared to the value of the goods
30 if it were in conformity with the contract.
31

32 **SEC. 21. Obligations of Ride Hailing Service Providers.** – Ride hailing
33 service providers shall require its consumers to register by showing valid proof of
34 identity, email address or cellular phone number. Ride hailing service providers

1 shall make the identity of its providers and support staff available to the rider at all
2 times.

3 **SEC. 22. *Obligations of Consumers of Ride Hailing Services.*** – It shall
4 be unlawful for consumers of ride hailing services to:

5
6 (a) Cancel confirmed orders for the delivery of food or grocery items when
7 the said items have already been paid by or is already in the
8 possession of the Ride Hailing Service Partner or is otherwise in
9 transit to the consumer unless:

10
11 (1) The consumer uses credit card services as a means for the
12 payment of the service and the payment will still be credited
13 notwithstanding the cancellation;

14
15 (2) The consumer remits the reimbursement and payment to the
16 ride hailing service partner as a pre-condition for the
17 cancellation of the order; or

18 (3) The delivery of ordered food or grocery items will be or was
19 delayed for at least one (1) hour from the expected time of
20 arrival due to the fault or negligence of the ride hailing service
21 partner.

22
23 (b) Unreasonably shame, demean, embarrass, or humiliate ride hailing
24 service partners. The consumer may invoke as a defense of good faith,
25 a well-founded belief that the ride hailing service partner had
26 committed a crime or caused civil injury towards the consumer.

27
28 **SEC. 23. *Right to Terminate the Contract.*** – If the goods delivered do not
29 conform to the contract, the consumer may exercise the right to terminate the
30 contract by giving notice to the online merchant. Where the lack of conformity
31 relates to only some of the goods delivered under the contract, the consumer may
32 terminate the contract only in relation to the non-conforming good and any other
33 goods which was acquired as an accessory to it.

1 Where the consumer terminates a contract as a whole or in relation to some
2 of the goods delivered:

- 3
- 4 (a) The online merchant shall reimburse to the consumer the price paid
5 without undue delay and in any event not later than fourteen (14)
6 days from receipt of the notice;
- 7
- 8 (b) Upon receipt of the reimbursement from the online merchant, the
9 consumer shall return, at the online merchant's expense, the goods
10 without undue delay and in any event not later than fourteen (14)
11 days from the receipt of the reimbursement;
- 12
- 13 (c) Where the goods cannot be returned because of destruction or loss
14 caused by the negligence of the consumer, the consumer shall pay to
15 the online merchant the monetary value which the non-conforming
16 goods would have had at the date when the return was to be made if
17 they had been kept by the consumer without destruction or loss until
18 that date, unless the destruction or loss has been caused by a lack of
19 conformity with the goods with the contract, within fourteen (14) days
20 from receipt of reimbursement; and
- 21
- 22 (d) The consumer shall pay for a decrease in the value of the goods only
23 to the extent that the decrease in value exceeds depreciation through
24 regular use. The payment for decrease in value shall not exceed the
25 price paid for the goods.
- 26

27 **SEC. 24. Damages.** – The online merchant is liable for damages to the
28 consumer due to the lack of conformity with the contract of the goods. The
29 consumer may claim damages within two (2) years from the relevant time of
30 establishing conformity.

31

32 No damages may be recovered by virtue of this Act after the lapse of four (4)
33 years from the time the conformity has been established.

34

35 **SEC. 25. Online Dispute Resolution.** – The DTI shall develop an online
36 dispute resolution (ODR) platform which is a single point of entry for consumers,

1 online merchants, and eCommerce platform operators seeking out-of-court
2 resolution of disputes.

3 (a) The ODR shall be an interactive website which may be accessed
4 electronically and free of charge. The DTI, through the Bureau, shall
5 be responsible for its operation, including its maintenance, funding
6 and data security. The ODR platform must be user-friendly and must
7 adopt the twin principles of “privacy by design” and “design for all”,
8 where the privacy of its users is respected, and the ODR platform is
9 accessible and usable by all users.

10
11 (b) The DTI shall establish a network of ODR contact points from, among
12 others, the agencies involved in consumer complaints specified in
13 Republic Act No. 7394, otherwise known as the “Consumer Act of the
14 Philippines,” which includes the Fair Trade Enforcement Bureau
15 (FTEB) of the DTI, the Department of Agriculture (DA), the
16 Department of Tourism (DOT), and the Department of Health (DOH).
17 The NPC and the Intellectual Property Office of the Philippines
18 (IPOPHIL) shall also form part of the ODR network.

19
20 (c) Each agency shall designate one ODR contact point and communicate
21 its name and contact details to the DTI. The head of agency shall
22 confer responsibility to the ODR contact points in ensuring that
23 timely and competent support is provided to the resolution of disputes
24 relating to complaints submitted through the ODR platform.

25
26 (d) The ODR platform shall have the following functions:

27
28 (1) Provide an electronic form by means of which alternative
29 dispute resolution (ADR) entities shall transmit the
30 information;

31
32 (2) Provide a feedback system which allows the parties to express
33 their views on the functioning of the ODR platform and on the
34 ADR entity which handles their dispute; and

1 (3) Make publicly available general information on ADR as a
2 means of out-of-court dispute resolution and information on
3 ADR entities which are competent to deal with disputes.
4

5 (e) The DTI shall ensure that the information in the website is accurate,
6 up to date and provided in a clear, understandable and accessible
7 way.
8

9 (f) Government and private sector entities which provide ADR services
10 which are competent to deal with disputes shall be registered
11 electronically with the ODR platform.
12

13 (g) Digital platforms and online retailers shall provide on their websites
14 an electronic link to the DTI ODR platform on their homepage. That
15 link shall be easily accessible to consumers.
16

17 (h) The DTI, in consultation with other concerned agencies, shall issue
18 the implementing rules and regulations on the development,
19 management, operations, and maintenance of the ODR platform.
20

21 **SEC. 26. Solidary Liability.** – eCommerce platform operators shall, for
22 civil or administrative indemnity, be solidarily liable with an online merchant under
23 the following instances:
24

25 (a) If the eCommerce platform operator fails to exercise ordinary diligence
26 to prevent any loss or damage to the consumer;
27

28 (b) If the identity of the online merchant and the eCommerce platform
29 operator are the same;
30

31 (c) If the eCommerce platform operator knows or should have known that
32 the goods and services appearing on their platform do not comply
33 with the provisions of law, or otherwise infringes on intellectual
34 property rights, and fails to take necessary measures;

- 1 (d) If the eCommerce platform operator fails to publish details of its
2 online merchant;
- 3
- 4 (e) If the eCommerce platform operator fails to examine goods related to
5 food, drugs, and cosmetics or otherwise relates to the life or health of
6 consumers;
- 7
- 8 (f) If the eCommerce platform operator permits an online merchant, not
9 duly registered with the appropriate regulatory agencies, to offer its
10 goods and services for sale.
- 11

12 **SEC. 27. Digital Payments.** – eCommerce platform operators and online
13 merchants shall issue the appropriate paper or electronic invoices or receipts for all
14 sales in accordance with relevant internal revenue laws and regulations. An
15 electronic invoice or receipt shall have the same legal effect as a physical invoice or
16 receipt.

17

18 The DTI, through the Bureau, shall, in coordination with the *Bangko Sentral*
19 *ng Pilipinas* (BSP), the BIR, the Bureau of Customs (BOC), the DOJ, the Philippine
20 National Police, the DICT, and the NTC, issue rules and regulations to modernize
21 and streamline the regulatory framework and encourage the adoption of electronic
22 payment systems by the citizenry. The DTI shall also develop guidelines to protect
23 merchants and consumers covering the various digital payment solutions.

24

25 **SEC. 28. Enforcement of Rights and Remedies.** – Without prejudice to
26 existing remedies provided under other laws, the enforcement of the rights and
27 remedies established under this Chapter shall be through the following means:

28

- 29 (a) If involving complaints by a consumer where no damages are sought,
30 the complaint shall be treated as a consumer complaint with the DTI
31 pursuant to Title V, Chapter III of Republic Act No. 7394, otherwise
32 known as the “Consumer Act of the Philippines”;
- 33
- 34 (b) If involving a claim for damages, the injured party shall seek recovery
35 by filing a civil action with the appropriate trial court.

1 **CHAPTER 5**

2 **ELECTRONIC COMMERCE PHILIPPINE TRUSTMARK**

3
4 **SEC. 29. *eCommerce Philippine Trustmark.*** – To provide assurance of
5 safety and security in internet transactions, the DTI shall lead the development of
6 an eCommerce Philippine Trustmark hereinafter referred to as the, “Trustmark”,
7 which may be established and operated by an industry-led private sector
8 governance body. The DTI shall periodically assess the effectiveness of the
9 industry-led Trustmark in promoting to the public reliable and trustworthy
10 eCommerce services, and may opt to assume operational control over the
11 Trustmark if it determines that the industry-led private sector effort cannot
12 sufficiently achieve the goals of the Trustmark.

13
14 **CHAPTER 6**

15 **FINAL PROVISIONS**

16
17 **SEC. 30. *Penalties.*** –

- 18
19 (a) Online merchants who fail to register either as a sole proprietor, one-
20 person corporation, partnership, corporation, or cooperative, shall be
21 punished with a fine equivalent to one hundred percent (100%) of the
22 amount of the digital goods offered or sold based on the market price
23 as determined by the Bureau, including confiscation of the goods as
24 advertised;
- 25
26 (b) eCommerce platform operators and online merchants found guilty of
27 violating Section 18, or Section 19 (d) of this Act shall be punished
28 with a fine not less than Five hundred thousand pesos (PhP
29 500,000.00) but not more than Five million pesos (PhP 5,000,000.00)
30 or the revocation of their licenses, or both, at the discretion of the
31 courts.
- 32
33 (c) Ride hailing service providers found guilty of violating Section 21 of
34 this Act shall be punished with a fine of up to Five hundred thousand
35 pesos (PhP 500,000.00) or the revocation of their licenses, or both, at
36 the discretion of the courts.

1
2 (d) Consumers found guilty of violating Section 22 (a) of this Act shall be
3 punished with a fine of up to Fifty thousand pesos (PhP 50,000.00)
4 plus one hundred percent (100%) of the amount advanced by the ride
5 hailing service partner, or both, at the discretion of the courts.
6

7 (e) Consumers found guilty of violating Section 22 (b) and Section 23 (b)
8 of this Act shall be punished with a fine of up to Fifty thousand pesos
9 (PhP 50,000.00), at the discretion of the courts.
10

11 The application of these penalties shall be without prejudice to the liability of
12 the offending party under other laws or regulations.
13

14 **SEC. 31. Oversight Committee.** – There is hereby created a Congressional
15 Oversight Committee, hereinafter referred to as the Internet Transactions Act
16 Congressional Oversight Committee, to be composed of five (5) members from the
17 Senate, which shall include the Chairpersons of the Senate Committees on Trade,
18 Commerce and Entrepreneurship, Science and Technology, and Finance, and five
19 (5) members from the House of Representatives, which shall include the
20 Chairpersons of the House of Representatives Committees on Trade and Industry,
21 ICT, and Appropriations. The Internet Transactions Act Congressional Oversight
22 Committee shall be jointly chaired by the Chairpersons of the Senate Committee on
23 Trade and Commerce and the House of Representatives Committee on Trade and
24 Industry. It shall meet at least every quarter of the first two years and every
25 semester for the third year after the approval of this Act to review the
26 implementation of this Act, evaluate the Bureau on its functions as the lead
27 agency, determine any inherent weaknesses in the law, and recommend the
28 necessary remedial legislation or executive measures: *Provided*, That the Internet
29 Transactions Act Congressional Oversight Committee shall cease to exist after five
30 (5) years upon the effectivity of this Act.
31

32 The Secretariat of the Internet Transactions Act Congressional Oversight
33 Committee shall be drawn from the existing personnel of the Senate and House of
34 Representatives Committees comprising the Internet Transactions Act
35 Congressional Oversight Committee.

1 **SEC. 32. *Implementing Rules and Regulations.*** – The Secretary of Trade
2 and Industry shall, in consultation with the DICT, the BSP, the DOT, the Land
3 Transportation Franchising and Regulatory Board (LTFRB), the Optical Media
4 Board (OMB), the IPOPHIL, and other relevant government agencies and
5 stakeholders, develop and issue the implementing rules and regulations of this Act.
6

7 **SEC. 33. *Transitory Provisions.*** – To ensure the continued
8 implementation of programs to promote eCommerce, the current eCommerce
9 Division shall continue to exercise its functions until such time that the
10 organizational structure and personnel of the Bureau have been determined and
11 approved.
12

13 All affected officers and personnel of the eCommerce Division shall be
14 absorbed by the Bureau without demotion in rank or diminution of salaries,
15 benefits and other privileges.
16

17 **SEC. 34. *Appropriations.*** –The amount necessary to carry out the
18 provisions of this Act shall be included in the annual General Appropriations Act.
19

20 **SEC. 35. *Separability Clause.*** – If any provision or part of this Act is
21 declared invalid or unconstitutional, such declaration shall not affect the validity of
22 the remaining provisions of this Act.
23

24 **SEC. 36. *Repealing Clause.*** – All laws, rules, and regulations, presidential
25 decrees, letters of instruction and other presidential issuances which are
26 incompatible or inconsistent with the provisions of this Act are hereby repealed,
27 amended, or modified accordingly.
28

29 **SEC. 37. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
30 publication in the *Official Gazette* or in at least one (1) newspaper of general
31 circulation. It shall also be published online, through the *Official Gazette Online*
32 (www.officialgazette.gov.ph), and on the website of the DTI (www.dti.gov.ph).
33

34 Approved,

FACT SHEET

HOUSE BILL NO. 7805

(In substitution to House Bills Nos. 6122 and 6958)

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

Introduced by: Representatives Gatchalian, Yap (E.), Garbin, Barba, Singson-Meehan, Tan (A.S.), Cueva, Villar, Alvarez (F.), Vergara, Zubiri, Biron, Ouano-Dizon, Suntay, Ty (A.), Collantes, Duavit, Aumentado, Campos, Sagarbarria, Lopez (M.), Reyes, Baronda, , Revilla, Tiangco, Cua, Kho, Olivarez, Martinez, Garcia (J.E.), Matugas, Pacquiao, Panotes, Babasa, Calixto, Espino, Go (M.), Unabia, Villa, Banas-Nogralas, Canama, Garin (S.), Mercado, Tan (Shermee), Bordado, Co (E.), Arenas, Escudero, Savellano, Romualdo, De Venecia, Bolilia, Crisologo, Castro (F.L.), Gaité, Haresco and Go (C.)

*Committee Referral: **COMMITTEE ON TRADE AND INDUSTRY***

*Committee Chairperson: **REP. WES GATCHALIAN***

*Committee Referral: **COMMITTEE ON APPROPRIATIONS***

*Committee Chairperson: **REP. ERIC GO YAP***

OBJECTIVES:

- To promote and maintain a robust electronic commerce (eCommerce) environment in the country and build trust between online merchants and consumers through secure and reliable eCommerce platforms where goods and services are transacted online with appropriate transparency and utmost efficiency to encourage the creation of new products, services, business models and processes.
- To establish an effective regulation of commercial activities through the internet or electronic means to ensure that consumer rights and data privacy are protected, innovation is encouraged, fair advertising practices and competition are promoted, online transactions are secured, intellectual property rights are respected, and where product standards and safety are observed.

COVERAGE:

- Applies to any stage of all business-to-business and business-to-consumer eCommerce and internet transactions including those related to the following activities: (a) internet retail of consumer goods and services; (b) online travel services; (c) online media providers; (d) ride hailing services; and (e) digital financial services.

EXEMPTION:

- Exempts consumer-to-consumer transactions from the operation of this Act, without prejudice to the application of other laws.

KEY PROVISIONS:

- Applies to any entity who purposefully and voluntarily directs its activities to the Philippine market, which shall be deemed as doing business in the Philippines, and hence, shall be subject to applicable Philippine laws. In this regard, foreign entities are given three (3) options: (1) they can set up a domestic corporation or branch office in the Philippines; (2) they can appoint a resident agent; or (3) they can notify and submit its contact details to the proposed ECommerce Bureau.
- Ensures that competition between online and offline commercial activities is respected. Nothing in this Act shall give any benefit that is more favorable nor place online activities at a disadvantage in relation to enterprises which offer goods and services offline.
- Creates the E Commerce Bureau under the Department of Trade & Industry (DTI) which shall have authority over activities conducted over the internet which are currently not regulated. The bureau shall be the central authority that consumers and merchants may approach, and it shall take the lead in the development of an online dispute resolution platform which shall be the single point of entry for consumers and online merchants seeking out-of-court resolution of disputes.
- Mandates the E Commerce Bureau, within a period of one (1) year from the effectivity of the law and in coordination with the Department of Information & Communications Technology (DICT), to establish, manage and maintain a Registry of Online Business (ROB) which shall provide consumers access to data and information of registered online business entities for purposes of verifying the validity, existence of and other relevant information pertaining to business entities.
- Presumes the following as legally authorized to engage in eCommerce in the Philippines in the ordinary course of their trade or business:
 - (a) an individual who is duly licensed to do business as a single-proprietor with the DTI;
 - (b) a juridical entity that is duly registered with the Securities and Exchange Commission (SEC), whether as a corporation, a one-person corporation, or as a partnership;
 - (c) a cooperative that is duly licensed by the Cooperative Development Authority (CDA);

- (d) a foreign corporation that is duly licensed by the SEC to transact business in the Philippines; and
 - (e) a non-resident foreign individual or juridical entity who has complied with Section 11 of this Act.
- Holds liable a resident of the Philippines who engages, abets, or aids in unauthorized eCommerce activities in the ordinary course of trade or business and subject to any appropriate penalty as may be provided by law and shall in the same manner as the party engaged in such unauthorized eCommerce activities.
 - Declares a person who is authorized to engage in eCommerce in the Philippines and who facilitates the sale of a digital product or service by one who is not so authorized primarily liable for any obligation, damage, or fine, that may arise from the transaction or from the digital product.
 - Provides that a non-resident of the Philippines who engages in eCommerce by purposefully availing of the Philippine market may not evade legal liability in the Philippines by virtue of non-residency or non-registration, and shall be subject to the same obligations and liabilities arising from any transaction as those who are authorized to engage in eCommerce in the Philippines.
 - Prescribes a code of conduct for all businesses engaged in eCommerce, stipulates the obligations of eCommerce platform operators, and specifies the responsibilities of on-line merchants of goods who are expected to act responsibly to build trust in internet transactions and to protect and uphold the interest of consumers at all times.
 - Entitles an online merchant who is liable to the consumer because of a lack of conformity with the contract resulting from an act or omission by a person in earlier links of the chain of transactions to pursue remedies against the person or persons liable in the chain of transactions.
 - Makes online platforms solidarily liable with their own merchants if these online platforms: (1) fail to exercise ordinary diligence; (2) know or should have known that items in their platform do not comply with law, and they fail to take necessary measures; (3) fail to publish the details of their merchants, as required under the bill; (4) fail to examine goods related to food, drugs, cosmetics, or otherwise relates to the life or health of consumers; and (5) permits an unregistered online merchant to offer its goods and services for sale through their platform.
 - Stipulates the obligations of both ride hailing service providers and consumers of ride hailing services
 - Directs the DTI to lead in the establishment of an industry-led ECommerce Trustmark to provide assurance of safety and security in internet transactions.

- Authorizes the Secretary of Trade and Industry to issue a provisional order directing a website, webpage, online application, social media account, other similar platform found in violation of this Act, the Consumer Act of the Philippines, or any other related trade or consumer laws be taken down, made inaccessible in the Philippines, that no entity shall process any payment to any of those entities, or otherwise be rendered commercially inoperative, in order to abate any further violations.
- Authorizes the Secretary of Trade and Industry to issue an order directing a website, webpage, online application, social media account, or other similar platform operating to the grave and irreparable prejudice of a consumer or a rights holder, to cease and desist from marketing or offering goods or services that are accessible in the Philippines, and directing that no payment shall be made to any entity which, upon due notice and hearing, is marketing or offering such goods or services in violation of this Act, the Consumer Act of the Philippines, or any other related trade or consumer laws.
- Penalizes online merchants who fail to register either as a sole proprietor, one-person corporation, partnership, corporation, or cooperative with a fine equivalent to one hundred percent (100%) of the amount of the digital goods offered or sold based on the market price as determined by the E Commerce Bureau, including confiscation of the goods as advertised.
- Penalizes consumers found guilty of breaking the law with a fine of up to Fifty thousand pesos (₱50,000.00), while erring platform operators and online merchants shall be fined from Five hundred thousand pesos (₱500,000.00) to Five Million Pesos (₱5,000,000.00), or their licenses shall be revoked, at the discretion of the courts.

RELATED LAWS:

- Republic Act No. 7394 i.e. Consumer Act of the Philippines
- Republic Act No. 8792 i.e. Electronic Commerce Act of 2000