

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

Thirteenth Congress  
Second Regular Session

House Bill No. 4548



---

**INTRODUCED BY REP. RODANTE D. MARCOLETA**

---

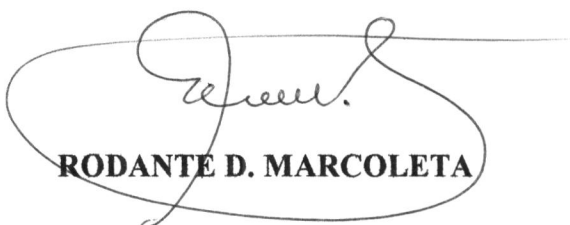
**EXPLANATORY NOTE**

Section 9, Article XVI of the 1987 Constitution provides that “the State shall protect consumers from malpractices and from substandard or hazardous products.” Also mandated under Republic Act 7394, otherwise known as the Consumer Act of the Philippines, is the duty of the State to “promote and encourage fair, honest and equitable relations among parties in consumer transactions and protect consumers against deceptive, unfair and unconscionable sales acts or practices”.

The purpose of this bill is to introduce appropriate amendments to Title III of Republic Act 7394 by way of increasing the penalties prescribed therein, thus adding more teeth to the existing consumers’ protection and thus bring stiffer sanctions to wrongdoers to deter the consummation of unfair and unconscionable sales acts and practices and to ultimately safeguard the welfare of the buying public and their hard-earned money.

While the intentions of RA 7394 are noble insofar as protecting the consumers, it has become ineffective in addressing their complaints against erring manufacturers or sellers of motor vehicles and related products notwithstanding the huge investments involved in their purchase. It appears that the law is being taken for granted simply because the penalties imposed therein are either too light or insufficient to deter violators. Another let down is the Department of Trade and Industry which merely pays lip service in enforcing said law because of its dual role of enticing and regulating foreign investors including car manufacturers. The aggrieved and dissatisfied consumer is often left out in the cold, not knowing what to do with the defective product he has purchased.

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

  
**RODANTE D. MARCOLETA**

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

Thirteenth Congress  
Second Regular Session

**HOUSE BILL NO. 4548**

---

**Introduced by Rep. Rodante D. Marcoleta**

---

**AN ACT**  
**AMENDING ARTICLES 60, 97, 107, 159, AND 164 OF REPUBLIC ACT NO.**  
**7394, OTHERWISE KNOWN AS THE CONSUMER ACT OF THE PHILIPPINES**

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

Article I. Article 60, Title III, Chapter I of Rep. Act No. 7394 is hereby amended to read as follows:

ART. 60. Penalties. – a) Any person who shall violate the provisions of Title III, Chapter I, shall upon conviction, be subject to a fine of not less than **One Hundred Thousand Pesos (P100,000.00)** but not more than **Five Hundred Thousand Pesos (P500,000.00)** or imprisonment of not less than **six (6) months and one (1) day to six (6) years** upon the discretion of the court.

b) In addition to the penalty provided for in paragraph (a), **the concerned department shall cause the cancellation of the offender's business permit, franchise or license to sell with similar penalty imposed to the manufacturer, producer or importer he represents.**

c) **In case of juridical persons, the penalty shall be imposed upon its President, manager or head. If the offender is an alien, he shall after payment of fine and service of sentence, be deported without further deportation proceedings.**

Article II. Article 97, Chapter V, 2nd par. and item (a) there under of Rep. Act 7394 are hereby amended to read as follows:

A product is defective when it does not offer the safety, **utility and satisfaction** rightfully expected of it, taking relevant circumstances into consideration, including but not limited to:

a) presentation **and expectation** of product **based on published brochures made available to the consuming public;**

Article III. Article 107, Chapter V of Rep. Act No. 7394 is hereby amended to read as follows:

ART. 107. Penalties. – Any person who shall violate any provision of this chapter or its implementing rules and regulations with respect to any consumer product which is not food, cosmetic, or hazardous substance shall upon conviction be subject to a fine not less than **Five Hundred Thousand Pesos (P500,000.00)** and by imprisonment not more than **six (6) years** or both upon the discretion of the court.

Article IV. Article 159, Title V, Chapter III of Rep. Act. No. 7394 shall be read as follows:

ART. 159. Consumer Complaints. – The concerned department may commence an investigation upon petition or upon letter-complaint from any consumer: Provided, That, upon a finding by the department of a prima facie violation of any provisions of this Act or any rule or regulation promulgated under its authority, it **shall immediately** commence formal administrative action against any person who appears responsible therefore.

Article V. Article 164, Chapter V, pars. 5 (c) and (e) of Rep. Act. No. 7394 are hereby amended to read as follows:

5) an assurance to reimburse the **complainant** out of any money or property in connection with the complaint, including expenses in making, or pursuing the complaint, if any, and **for respondent** to file a bond to guarantee compliance therewith.

c) restitution or rescission of the contract **with** damages;

e) the imposition of administrative fines in such amount as deemed reasonable by the secretary, which shall in no case be less than **One Hundred Thousand Pesos (P100,000.00)** nor more than **Five Hundred Thousand Pesos (P500,000.00)** depending on the gravity of the offense, and additional fine **not less than** One Thousand Pesos (P1,000.00) for each day of continuing violation.

Article VI. Separability Clause. – If any part, section or provision of this Act is held invalid or unconstitutional, other provisions not affected thereby shall remain in force and effect.

Article VII. Repealing Clause. – All other laws, decrees, orders, issuances, rules and regulations, which are inconsistent with the provisions of this Act, are hereby repealed, amended or modified accordingly.

Article VIII. Effectivity Clause. – This Act shall take effect fifteen (15) days after its publication in at least (2) newspapers of general circulation in the Philippines.

Approved,