

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
SIXTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. **5472**



Introduced by REP. ANTHONY G. DEL ROSARIO

EXPLANATORY NOTE

Article 2 of Republic Act 7394, otherwise known as the Consumer Act of the Philippines, declares that it is the policy of the State to protect the interest of the consumer, promote his general welfare and establish standards of conduct for business and industry. The State is tasked through the Department of Trade and Industry (DTI) to implement measures that will provide protection against deceptive, unfair and unconscionable sales acts and practices. Penalties were provided when the law was passed almost 22 years ago in the hope that the same will deter those who are more inclined to violate its provisions.

However, there have been regular and numerous complaints against unscrupulous traders and business establishments which render the penalties provided for in the present law somewhat ineffective. It seems those who violate the law don't care about the penalty and are even willing to take those penalties. Everyday new violations are being committed to the detriment of the consumers who are robbed in broad daylight of their hard-earned money. When such penalty is being used on a regular basis against recidivists who violate the law then perhaps such penalty is not working.

It is therefore imperative that stiffer penalties be imposed in order to establish an environment that will provide better and greater protection for the consumer. Substantially increasing the penalties will encourage conduct and behaviour geared towards the observance of our consumer laws for the benefit of the consumers and for businesses to compete efficiently and fairly. This is a timely reform that will give more teeth to our current statute in order to put heavier burden to those who violate it, provide redress to those whose rights are injured and enable those who implement it.

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


ANTHONY G. DEL ROSARIO

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
SIXTEENTH CONGRESS
Second Regular Session
HOUSE BILL NO. **5472**

Introduced by REP. ANTHONY G. DEL ROSARIO

AN ACT
AMENDING THE PENAL PROVISIONS OF REPUBLIC ACT 7394, OTHERWISE
KNOWN AS THE CONSUMER ACT OF THE PHILIPPINES

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

SECTION 1. *Article 19 of Republic Act 7394, otherwise known as the Consumer Act of the Philippines is hereby amended to read as follows:*

Article 19. Penalties. - Any person who shall violate any provision of Article 18 shall upon conviction, be subject to a fine of not less than [One thousand pesos (P 1,000.00) but not more than Ten Thousand pesos (P10,000.00) or imprisonment of not less than two (2) months but not more than one (1) year,] **FIFTY THOUSAND PESOS (P 50,000.00) BUT NOT MORE THAN ONE MILLION PESOS (P 1,000 000.00) OR IMPRISONMENT OF NOT LESS THAN THREE (3) YEARS BUT NOT MORE THAN SEVEN (7) YEARS** or both upon the discretion of the court. If the offender is an alien, he shall be deported after service of sentence and payment of fine without further deportation proceedings.

In case the offender is a naturalized citizen, he shall, in addition to the penalty prescribed herein, suffer the penalty of cancellation of his naturalization certificate and its registration in the civil register and immediate deportation after service of sentence and payment of fine.

Any director, officer or agent of a corporation who shall authorize, order or perform any of the acts or practices any of the acts or practices constituting in whole or in part a violation of Article by the corporation from the concerned department, shall be subject to penalties to which that corporation may be subject.

In case the violation is committed by, or in the interest of a foreign juridical person duly licensed to engage in business in the Philippines, such license to engage in business in the Philippines shall immediately be revoked.

SEC.2. *Article 41 of Republic Act 7394, otherwise known as the Consumer Act of the Philippines is hereby amended to read as follows:*

Article 41. Penalties. – Any person who violates any of the provisions of Article 40 hereof shall, upon conviction, be subject to imprisonment of not less than [one (1) year but not more than five (5) years, or a fine of not less than Five thousand pesos (P 5,000.00) but not more than Ten Thousand pesos(P10,000.00)] , **FIFTY THOUSAND PESOS (P50,000.00) BUT NOT MORE**

THAN ONE MILLION PESOS (P1,000 000.00) OR IMPRISONMENT OF NOT LESS THAN THREE (3) YEARS BUT NOT MORE THAN SEVEN (7) YEARS or both such imprisonment and fine, in the discretion of the court.

Should the offense be committed by a juridical person, the Chairman of the Board of Directors, the President, General Manager, or the partners and/or the persons directly responsible therefore shall be penalized.

No person shall be subject to the penalties of sub-article (a) of this Article for (1) having sold, offered for sale or transferred any product and delivered it, if such delivery was made in good faith, unless he refuses to furnish on request of the Department, the name and address of the person from whom he purchased or received such product and copies of all documents, if any there be, pertaining to the delivery of the product to him; (2) having violated Article 40 (a) if he established a guaranty or undertaking signed by, and containing the name and address of, the person residing in the Philippines from whom he received in good faith the product, or (3) having violated Article 40 (a), where the violation exists because the product is adulterated by reason of containing a color other than the permissible one under regulations promulgated by the Department in this Act, if such person establishes a guaranty or undertaking signed by, and containing the name and address, of the manufacturer of the color, to the effect that such color is permissible, under applicable regulations promulgated by the Department in this Act.

***SEC. 3.** Article 47 of Republic Act 7394, Otherwise Known as the Consumer Act of the Philippines is hereby amended to read as follows:*

Article 47. Penalties, exception.- Any person who violates any of the provision of Article 46 shall, upon conviction, be subject to a fine of not less than [One thousand pesos (P1,000.00) or an imprisonment of not less than six (6) months but not more than five (5) years] **FIFTY THOUSAND PESOS (P50,000.00) BUT NOT MORE THAN ONE MILLION PESOS (P 1,000 000.00) OR IMPRISONMENT OF NOT LESS THAN THREE (3) YEARS BUT NOT MORE THAN SEVEN (7) YEARS** or both upon the discretion of the court.

Should the offense be committed by a juridical person, the Chairman of the Board of Directors, the President, General Manager, or the partners and/or the persons directly responsible therefor shall be penalized.

No person shall be subject to the penalties of paragraph (a) of this Article for (1) having violated paragraph (c) of Article 46 unless he refuses to furnish, upon requested by the Department or his representative, the name and address of the person from who he purchased such hazardous substances and (2) having violated paragraph (a) of Article 46, if he establishes a guaranty or undertaking signed by, and containing the name and address of the person from whom he received in good faith, the hazardous substance to the effect that the hazardous substances is not a mislabelled Hazardous substance or banned hazardous within the meaning of that term in this Act.

***SEC. 4.** Article 60 Of Republic Act 7394, otherwise known as the Consumer Act of the Philippines is hereby amended to read as follows:*

Article 60. Penalties.- Any person who shall violate the provisions of Title III, Chapter I , shall upon conviction, be subject to a fine of not less than [Five Hundred Pesos (P 500.00) but not more than Ten Thousand Pesos (

P10,000.00) or imprisonment of not less than five (5) months but the not more than one (1) year] **FIFTY THOUSAND PESOS (P50,000.00) BUT NOT MORE THAN ONE MILLION PESOS (P1,000 000.00) OR IMPRISONMENT OF NOT LESS THAN THREE (3) YEARS BUT NOT MORE THAN SEVEN (7) YEARS** or both , upon the discretion of the court.

In addition to the penalty provided for in paragraph (1), the court may grant an injunction restraining the conduct constituting the contravention of the provisions of Articles 50 and 51 and/or actual damages and such other orders as it thinks fit to redress injury to the person caused by such conduct.

SEC. 5. Article 65 of Republic Act 7394, otherwise known as the Consumer Act of the Philippines is hereby amended to read as follows:

Article 65. Penalties. – Any person who shall violate the provisions of paragraph (a) to (f) and paragraph (l) of article 64 or its implementing rules and regulations shall, upon conviction, be subject to a fine of not less than [Two hundred pesos (P200.00) but not more than One Thousand pesos (P1000.00) or by imprisonment of not more than one (1) year] **FIFTY THOUSAND PESOS (P50,000.00) BUT NOT MORE THAN ONE MILLION PESOS (P1,000 000.00) OR IMPRISONMENT OF NOT LESS THAN THREE (3) YEARS BUT NOT MORE THAN SEVEN (7) YEARS** or both upon the discretion of the court.

Any person who shall violate the provisions of paragraph (g) of Article 64 for the first time shall be subject to a fine of not less than [Five hundred pesos (P500.00) or by imprisonment of not less than one (1) month but not more than five (5) years] **FIFTY THOUSAND PESOS (P50,000.00) BUT NOT MORE THAN ONE MILLION PESOS (P 1,000,000.00) OR IMPRISONMENT OF NOT LESS THAN THREE (3) YEARS BUT NOT MORE THAN SEVEN (7) YEARS** or both , upon the discretion of the court.

The owner – possessor of uses of instrument of weights and measure enumerated in paragraphs (h) to (k) of Article 64 shall, upon conviction, be subject to a fine of not less than [Three hundred pesos (P300.00) or imprisonment not exceeding one (1)year] **FIFTY THOUSAND PESOS (P50,000.00) BUT NOT MORE THAN ONE MILLION PESOS (P 1,000,000.00) OR IMPRISONMENT OF NOT LESS THAN THREE (3) YEARS BUT NOT MORE THAN SEVEN (7) YEARS** or both , upon the discretion of the court.

SEC. 6. Article 73 of Republic Act. 7394, otherwise known as the Consumer Act of the Philippines is hereby amended to read as follows:

Article 73. Penalties. – Any person who shall violate the provisions of Article 67 shall be subject to a fine of not more than [Five thousand pesos (P5,000.00) or an imprisonment of not less than three (3) months but not more than two (2) years] **FIFTY THOUSAND PESOS (P50,000.00) BUT NOT MORE THAN ONE MILLION PESOS (P 1,000,000.00) OR IMPRISONMENT OF NOT LESS THAN THREE (3) YEARS BUT NOT MORE THAN SEVEN (7) YEARS** or both , upon the discretion of the court. A second conviction under this paragraph shall also carry with it the penalty or revocation of his business permit and license.

Any person, natural or juridical, committing any of the illegal acts provided for in Chapter III , except with respect to Article 67, shall be liable for a fine of not

less than [One thousand pesos (P1,000.00) or imprisonment for a period at least one (P50,000.00) or five (5) years] **FIFTY THOUSAND PESOS (P50,000.00) BUT NOT MORE THAN ONE MILLION PESOS (P 1,000,000.00) OR IMPRISONMENT OF NOT LESS THAN THREE (3) YEARS BUT NOT MORE THAN SEVEN (7) YEARS** or both , upon the discretion of the court.

The imposition of any of the penalties herein provided is without prejudice to any liability incurred under the warranty or guarantee.

SEC. 7. *Article 95 of Republic Act 7394, otherwise known as the Consumer Act of the Philippines is hereby amended to read as follows:*

Article 95. Penalties. – Any person who shall violate the provisions of Title III, Chapter IV of this Act, or its implementing rules and regulations, except Articles 81 to 83 of the same Chapter, shall be subject to a fine of not less than [Five hundred pesos (P500.00) but not more than Twenty thousand pesos (P20,000.00) or imprisonment of not less than three (3) months but not more than two (2) years] **FIFTY THOUSAND PESOS (P50,000.00) BUT NOT MORE THAN ONE MILLION PESOS (P 1,000,000.00) OR IMPRISONMENT OF NOT LESS THAN THREE (3) YEARS BUT NOT MORE THAN SEVEN (7) YEARS** or both , upon the discretion of the court: *Provided, That, if the consumer product is one which is not a food, cosmetic, drug, device or hazardous substance, the penalty shall be a fine of not less than [Two hundred pesos (P200.00) but not more than Five thousand pesos (P5,000.00) or Imprisonment of not less than one (1) month but not more than one (1) year] FIFTY THOUSAND PESOS (P50,000.00) BUT NOT MORE THAN ONE MILLION PESOS (P 1,000,000.00) OR IMPRISONMENT OF NOT LESS THAN THREE (3) YEARS BUT NOT MORE THAN SEVEN (7) YEARS or both , upon the discretion of the court.*

Any person who violates the provision of Article 81 to 83 for the first time shall be subject to a fine of not less than [Two hundred pesos (P200.00) but not more than Five Thousand pesos (P5,000.00) or by imprisonment of not less than one (1) month but not more than six (6) months] **FIFTY THOUSAND PESOS (P50,000.00) BUT NOT MORE THAN ONE MILLION PESOS (P 1,000,000.00) OR IMPRISONMENT OF NOT LESS THAN THREE (3) YEARS BUT NOT MORE THAN SEVEN (7) YEARS** or both , at the discretion of the court. A second conviction under this paragraph shall also carry with it the penalty of revocation of business permit and license.

SEC. 8. *Article 107 of Republic Act 7394, otherwise known as the Consumer Act of the Philippines is hereby amended to read as follows:*

Article 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 of not less than [Five thousand pesos (P5,000.00) and by imprisonment of not more than one (1) year] **FIFTY THOUSAND PESOS (P50,000.00) BUT NOT MORE THAN ONE MILLION PESOS (P 1,000,000.00) OR IMPRISONMENT OF NOT LESS THAN THREE (3) YEARS BUT NOT MORE THAN SEVEN (7) YEARS** or both , upon the discretion of the court.

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.

SEC.9. *Article 123 of Republic Act 7394, otherwise known as the Consumer Act of the Philippines is hereby amended to read as follows:*

Article123. Penalties. – Any person , association, partnership or corporation who shall violate any of the provisions of Articles 110 to 115 shall, upon conviction, be subject to a fine of not less than [Five Hundred pesos (P500.00) but not more than Five thousand Pesos (P 5,000.00) or an imprisonment of not less than one (1) month but not more than (6) Months] **FIFTY THOUSAND PESOS (P50,000.00) BUT NOT MORE THAN ONE MILLION PESOS (P 1,000,000.00) OR IMPRISONMENT OF NOT LESS THAN THREE (3) YEARS BUT NOT MORE THAN SEVEN (7) YEARS** or both , upon the discretion of the court.

Any violation of the provisions of Articles 116 to 121 shall, upon conviction, subject the offenders to a fine of not less than [Two hundred pesos (P200.00) or an imprisonment of not less than one (1) month but not more than six (6) months] **FIFTY THOUSAND PESOS (P50,000.00) BUT NOT MORE THAN ONE MILLION PESOS (P 1,000,000.00) OR IMPRISONMENT OF NOT LESS THAN THREE (3) YEARS BUT NOT MORE THAN SEVEN (7) YEARS** or both , upon the discretion of the court. If the violation was committed by a juridical person, the manager, representative, director, agent or employee of said juridical person responsible for the act shall be deported after service of sentence and payment of the fine without need for further deportation proceedings.

SEC. 10. *Article 164, paragraph (e) of Republic Act 7394, otherwise known as the Consumer Act of the Philippines is hereby amended to read as follows:*

Article164. Sanctions. – After investigation, any of the following administrative penalties may be imposed even if not prayed for in the complaint:

- a) the issuance of a cease and desist order, *Provided, however.* That such order shall specify the acts that respondent shall cease and desist from and shall require him to submit a report of compliance therewith within a reasonable time;
- b) the acceptance of a voluntary assurance of compliance or discontinuance from respondent which may include any or all of the following terms and conditions:
 - 1) an assurance to comply with the provisions of this Act and its implementing rules and regulation;
 - 2) an assurance to refrain from engaging in unlawful acts and practices or unfair or unethical trade practices subject of the formal investigation;
 - 3) an assurance to comply with the terms and conditions specified in the consumer transaction subject of the complaint;
 - 4) an assurance to recall , replace , repair, or refund the money value of defective products distributed in commerce;
 - 5) an assurance to reimburse the complaint out of any money or property in connection with the complaint, including expenses in making or pursuing the complaint, if any, and to file a bond to guarantee compliance therewith.
- c) restitution or rescission of the contract without damage;

- d) condemnation and seizure of the consumer product found to be hazardous to health and safety unless the respondent files a bond to answer for any damage or injury that may arise from the continued use of the product;
- e) **AUTOMATIC CANCELLATION OF A BUSINESS NAME;**
- f) The imposition of administrative fines in such amount as deemed reasonable by the Secretary , which shall in no case be less than [Five hundred pesos (P 500.00)] **FIFTY THOUSAND PESOS (P50,000.00)** nor more than [Three hundred thousand pesos (P300,000.00)] **ONE MILLION PESOS (P 1,000,000.00)** depending on the gravity of the offense, and an additional fine of [not more than One thousand pesos (P 1,000.00)] **NOT LESS THAN ONE THOUSAND PESOS (P1,000.00)** [or] **OF** each day of continuing violation.

SEC.11. Separability Clause – If for any reason, any part of or provision of this Act is declared unconstitutional or invalid, such parts not affected thereby shall remain in full force and effect.

SEC.12 Repealing Clause – If for any reason, any part of or any part thereof inconsistent with any of the provisions of this Act is hereby repealed , modified or amended accordingly.

SEC.13. Effectively – This Act Shall Take Effect take effect fifteen (15) days after its Publication in at least two (2) newspapers of general circulation.

Approved,