

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
Second Regular Session

HOUSE BILL No. **10347**



Introduced by Representative CAMILLE A. VILLAR

AN ACT
AMENDING REPUBLIC ACT NO. 10642, OTHERWISE KNOWN AS THE
"PHILIPPINE LEMON LAW", AND FOR OTHER PURPOSES

Explanatory Note

Republic Act No. 10642, An Act Strengthening Consumer Protection in the Purchase of Brand-New Motor Vehicles, otherwise known as the "Philippine Lemon Law", affirmed the policy of the State to promote full protection to the rights of consumers in the sale of motor vehicles against business and trade practices which are deceptive, unfair or otherwise inimical to consumers and the public interest. It also recognized that a motor vehicle is a major consumer purchase or investment. Hence, the rights of consumers should be clearly defined, including the means for redress for violation.

The Philippine Lemon Law was approved on July 15, 2014. It provides protection against issues that prevents the motor vehicle from conforming to the manufacturer or distributor's standards or specifications and which cannot be repaired. Despite this law, however, a number of complaints against nonconformity, defect or condition that substantially impairs the use, value or safety of brand-new motor vehicles have not been satisfactorily or expeditiously resolved.

This bill seeks to address the cumbersome process of availing of the protection and rights under the Philippine Lemon Law, more importantly, the prior four (4) unsuccessful repair attempts for the same complaint within the first twelve (12) months from the date of delivery before such protection and rights can be availed of. Additionally, this bill mandates the immediate availability of parts, components or assemblies for the defective vehicle that is up for repair.

This Representation is hoping that the proposed amendments will help redress the many consumers who parted with their hard-earned resources only to receive defective brand-new motor vehicle from manufacturers, distributors, dealers or retailers.

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

Camille A. Villar
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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section 3 of Republic Act No. 10642 or the "Philippine Lemon Law" is hereby amended to read as follows:

x x x

"(F) CRITICAL NONCONFORMITY ISSUE REFERS TO ANY DEFECT WHICH COULD AFFECT THE CONTROL OR DIRECTIONAL STABILITY OF THE VEHICLE, OR CAUSE INJURY TO THE PEOPLE INSIDE OR OUTSIDE THE VEHICLE;

~~((f))~~ (G) Distributor refers to any person, natural or juridical, authorized by the manufacturer to sell brand-new motor vehicles to duly authorized dealers or retailers;

~~((g))~~ (H) Implementing agency refers to the Department of Trade and Industry (DTI), reorganized under Title X, Book IV of Executive Order No. 292, series of 1987, otherwise known as the "Administrative Code of 1987";

~~((h))~~ (I) Lemon Law rights period refers to the period ending twelve (12) months after the date of the original delivery of a brand-new motor vehicle to a consumer or the first twenty thousand (20,000) kilometers of operation after such delivery, whichever comes first. This shall be the period during which the consumer can report any nonconformity, as defined in paragraph (L) herein, to the standards and specifications of the

manufacturer, authorized distributor, authorized dealer, or retailer, and pursue any right as provided for under this Act;

~~[(i)]~~ (J) Manufacturer refers to any person, natural or juridical, engaged in the business of manufacturing or assembling motor vehicles;

~~[(j)]~~ (K) Motor vehicle refers to any self-propelled, four (4) wheeled road vehicle designed to carry passengers including, but not limited to, sedans, coupes, station wagons, convertibles, pick-ups, vans, sports utility vehicles (SUVs) and Asian Utility Vehicles (AUVs) but excluding motorcycles, delivery trucks, dump trucks, buses, road rollers, trolley cars, street sweepers, sprinklers, lawn mowers and heavy equipment such as but not limited to, bulldozers, pay loaders, graders, forklifts, amphibian trucks, cranes, and vehicles which run only on rails or tracks, and tractors, trailers and traction engines of all kinds used exclusively for agricultural purposes. Trailers having any number of wheels, when propelled or intended by attachment to a motor vehicle, shall be classified as a separate motor vehicle with no power rating;

~~[(k)]~~ (L) Nonconformity refers to any defect or condition that substantially impairs the use, value, or safety of a brand-new motor vehicle which prevents it from conforming to the manufacturer's or distributor's standards or specifications, which cannot be repaired, but excluding conditions resulting from noncompliance by the consumer of his or her obligations under the warranty, modifications not authorized by the manufacturer or distributor, abuse or neglect, and damage due to accident or force majeure;

~~[(l)]~~ (M) Purchase price refers to the invoice price or the amount of money which the dealer or retailer received for the brand-new motor vehicle, in consideration of the sale of a such brand-new motor vehicle;

~~[(m)]~~ (N) Warranty refers to the written assurance, so labeled, of the manufacturer of a brand-new motor vehicle including any term or condition precedent to the enforcement of obligations under the warranty; and

~~[(n)]~~ (O) Warranty rights period refers to the period provided for under the contract of sale when the manufacturer would guarantee the materials used, the workmanship, and the roadworthiness of a brand-new motor vehicle for ordinary use or reasonable intended purposes.

SEC. 2. Section 5 of the same Act is hereby amended to read as follows:

"Section 5. Repair Attempt. - At any time within the Lemon Law rights period, and after at least ONE (1) repair attempt by the same manufacturer, distributor, authorized dealer, or retailer for the same complaint, and the nonconformity issue remains unresolved, the consumer may invoke his or her rights under this Act. PROVIDED, THAT WHEN A CRITICAL NONCONFORMITY ISSUE SURFACES DURING THE FIRST 1,000 KILOMETERS OF OPERATION AFTER DELIVERY OF THE VEHICLE, THE MANUFACTURER, DISTRIBUTOR, AUTHORIZED DEALER, OR RETAILER, SHALL REPLACE SUCH VEHICLE WITH A BRAND-NEW MOTOR VEHICLE OF COMPARABLE SPECIFICATIONS AND VALUE, WITHOUT THE NEED TO COMPLY WITH THE ONE REPAIR ATTEMPT REQUIREMENT.

The repair may include replacement of parts components or assemblies."

SEC. 3. A new section is hereby inserted to read as follows:

"SECTION 6. AVAILABILITY OF PARTS, COMPONENTS, OR ASSEMBLIES. THE MANUFACTURER, DISTRIBUTOR, AUTHORIZED DEALER, OR RETAILER SHOULD ENSURE THE AVAILABILITY OF PARTS, COMPONENTS, AND ASSEMBLIES WITHIN THE PERIOD OF AVAILMENT OF THE LEMON LAW RIGHTS. FAILURE TO PROVIDE THE NECESSARY PARTS, COMPONENTS, OR ASSEMBLIES WITHIN TEN (10) DAYS SHALL ENTITLE THE CONSUMER TO A REPLACEMENT WITH A BRAND-NEW MOTOR VEHICLE OF COMPARABLE SPECIFICATIONS AND VALUE, WITHOUT THE NEED TO COMPLY WITH THE ONE REPAIR ATTEMPT REQUIREMENT."

SEC. 4. Section 6 shall be renumbered as Section 7.

SEC. 5. Section 7 of Republic Act No. 10642 is hereby amended to read as follows:

"SECTION 8. [Availment of Lemon Law Rights. - After filing the notice of availment referred to in the preceding section, the consumer shall bring the vehicle to the manufacturer, distributor, authorized dealer, or retailer from where the vehicle was purchased for a final attempt to address the complaint of the consumer to his or her satisfaction.] DUTY OF THE MANUFACTURER, DISTRIBUTOR, AUTHORIZED DEALER, OR RETAILER - It shall be the duty of the manufacturer, distributor, authorized dealer, or retailer, upon receipt of the motor vehicle and the notice of nonconformity required under Section [6] 7 hereof, to attend to the complaints of the consumer including, as may be necessary, making the repair and undertaking such actions to make the vehicle conform to

the standards or specifications of the manufacturer, distributor, authorized dealer or retailer for such vehicle.

To compensate for the non-usage of the vehicle while under repair and during the period of availment of the Lemon Law rights, the consumer shall be provided **WITH EITHER** a reasonable daily transportation allowance, an amount which covers the transportation of the consumer from his or her residence to his or her regular workplace or destination and vice versa, equivalent to air-conditioned taxi fare, [as evidenced by an official receipt,] or in such amount to be agreed upon by the parties, or a service vehicle, at the option of the [manufacturer, distributor, authorized dealer or retailer.] **AFFECTED CONSUMER.** Any disagreement on this matter shall be resolved by the DTI [.] **WITHIN FIVE (5) WORKING DAYS FROM REFERRAL OF THE ISSUE.**

FAILURE OF THE MANUFACTURER, DISTRIBUTOR, AUTHORIZED DEALER, OR RETAILER TO PROVIDE ANY OF THE ABOVE-MENTIONED REMEDIES FOR NON-USAGE OF VEHICLE WHILE UNDER REPAIR, SHALL MAKE THEM LIABLE FOR EXEMPLARY DAMAGES IN THE AMOUNT OF FIFTY THOUSAND PESOS (PhP50,000.00) IN ADDITION TO ACTUAL DAMAGES SUFFERED BY THE CONSUMER.

Nothing herein shall be construed to limit or impair the rights and remedies of a consumer under any other law."

SEC. 6. Next sections shall be renumbered accordingly.

SEC. 7. Separability Clause. – Should any provision or part of this Act be declared unconstitutional or invalid, the other provisions and parts thereof, insofar as they are separable from the invalid ones, shall remain in full force and effect.

SEC. 8. Repealing Clause. – All laws, decrees, orders, issuances rules, and regulations or parts thereof which are inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 9. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or at least two (2) newspapers of general circulation.

Approved,