

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. 8309



Introduced by **Rep. ANGELO MARCOS BARBA**
2nd District, Ilocos Norte

EXPLANATORY NOTE

Article XVI, Section 9 of the 1987 Constitution mandates that "the State shall protect consumers from trade malpractices." The term "consumers" in the said provision is understood in marketing jargon to mean the end-users, or the person that ultimately benefits from the product, service, or idea.

With the rapid pace of technological growth, growing demand for services that provide convenience and expediency, and the readiness for use of the internet as a medium for quick and easy transactions, the proliferation of online fora for commercial transactions in the Philippines is a logical by-product of such factors coinciding with one another.

The Philippine market is a smorgasbord of e-commerce platforms where consumers may purchase things or services they may require. With such abundance of marketing services, regulation is therefore proper. However, Republic Act No. 11967, otherwise known as the "Internet Transactions Act," only affords protection to business-to-business or business-to-consumer transactions, while explicitly providing that consumer-to-consumer (C2C) transactions are not within the regulatory purview of the Department of Trade and Industry (DTI). Without proper regulation, such transactions will inevitably become a hotbed for trade malpractice and unscrupulous activities.

This proposed measure aims to address such issues by including C2C transactions under the regulatory umbrella of the DTI, therefore giving consumers a proper forum to seek redress for any injury they may have

suffered arising from such transactions. Moreover, this measure further empowers the DTI to issue *ex-parte* takedown orders to compel e-commerce platforms to remove from their listings transactions found to be prejudicial to consumers.

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



ANGELO MARCOS BARBA

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AN ACT
AMENDING REPUBLIC ACT NO. 11967, OTHERWISE KNOWN
AS THE "INTERNET TRANSACTIONS ACT," AND FOR OTHER
PURPOSES

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

SECTION 1. Section 3 of Republic Act No. 11967 is hereby amended to read as follows:

"Section 3. *Scope and Coverage.* - This Act shall apply to all business-to-business ~~[and]~~, business-to-consumer, **AND CONSUMER-TO-CONSUMER (C2C)** internet transactions ~~within the mandate of the Department of Trade and Industry (DTI),~~ where one (1) of the parties is situated in the Philippines or where the digital platform, e-retailer, or online merchant is availing of the Philippine market and has minimum contacts therein: Provided, That online media content ~~[,and consumer to consumer (G2G) transactions]~~ shall not be covered under the Act."

SECTION 2. Section 4 of Republic Act No. 11967 is hereby amended to read as follows:

"Sec. 4. *Definition of Terms.* - As used in this Act:

xxx

(I) LOGISTICS PROVIDER REFERS TO A COMPANY THAT PROVIDES MANAGEMENT OVER THE FLOW OF GOODS AND MATERIALS BETWEEN THE POINT OF ORIGIN TO END-USE DESTINATION. THE PROVIDER WILL OFTEN HANDLE THE

**SHIPPING, INVENTORY, WAREHOUSING, PACKAGING, AND
SECURITY FUNCTIONS OF SHIPMENTS. xxx"**

SECTION 3. Section 8 of Republic Act No. 11967 is hereby amended to read as follows:

"Sec. 8. Functions of the E-Commerce Bureau. - The Bureau shall have the following powers and functions:

xxx

(e) Receive and refer business, **MERCHANT, LOGISTICS PROVIDER**, and consumer complaints **ARISING FROM [on]** internet transactions to the appropriate government agency, consistent with the no-wrong door policy of the DTI;

xxx"

SECTION 4. Section 15 of Republic Act No. 11967 is hereby amended to read as follows:

"Sec. 15. Authority to Issue Takedown Order. - The DTI Secretary, after investigation or verification, may issue an ex parte takedown order directing the removal of a listing or offer on a webpage, platform or application, regardless of the intended nature of the transaction, when any of the following is present:

xxx

(d) Such other transactions or activities online, within the jurisdiction of the DTI, purporting to sell or lease of goods or services that otherwise threaten public or personal safety, compromises financial or personal information, **OR HAS THE OBJECT OR EFFECT OF SUBSTANTIALLY PREVENTING, RESTRICTING OR LESSENING COMPETITION THAT PREJUDICES THE INTEREST OF ONLINE CONSUMERS. xxx"**

SECTION 5. Section 21 of Republic Act No. 11967 is hereby amended to read as follows:

"Sec. 21. Obligations of E-Marketplaces. - Except as otherwise provided in this Act, e-marketplace shall:

xxx

(H) ENSURE THAT MERCHANTS ARE PROVIDED WITH REASONABLE OPTIONS TO SELECT THEIR PREFERRED LOGISTICS SERVICE PROVIDER FOR THE DELIVERY OF GOODS PURCHASED THROUGH THE PLATFORM AND HAVE THE RIGHT TO CLEARLY IDENTIFY, PRIOR TO CONFIRMATION OF ANY TRANSACTION, THE FEES AND CHARGES IMPOSED BY (i) THE LOGISTICS SERVICE PROVIDER AND ii) THE E-COMMERCE PLATFORM IN CONNECTION WITH THE DELIVERY OF THE GOODS, IN ORDER TO AVOID COMMERCIAL ARRANGEMENTS THAT SUBSTANTIALLY PREVENTS, RESTRICTS OR LESSENS COMPETITION.

xxx”

SECTION 6. Section 29(e) of Republic Act No. 11967 is hereby amended to read as follows:

“Sec. 29. *Penalties.* - The DTI shall impose the following administrative fines as penalty against:

xxx

(e) An online merchant, e-retailer, e-marketplace or digital platform found in violation of Sections 21, 22(b), (c), **(D), AND (H)** and 23(a), (f), or (i) of this Act shall be punished with: xxx”

SECTION 7. *Implementing Rules and Regulations.* -Within ninety (90) days from the effectivity of this Act, the Department of Trade and Industry, Department of Information and Communications Technology, and other relevant agencies shall promulgate the implementing rules and regulations.

SECTION 8. *Separability Clause.* - If any portion or provision of this Act is declared unconstitutional, the remainder of this Act or any provisions not affected thereby shall remain in force and effect.

SECTION 9. *Repealing Clause.* *Repealing Clause.* - All law, presidential decree or issuance, executive order, letter of instruction, rule of regulation inconsistent with the provisions of this Act is hereby repealed or modified accordingly.

SECTION 10. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in two (2) newspapers of general circulation.

Approved,