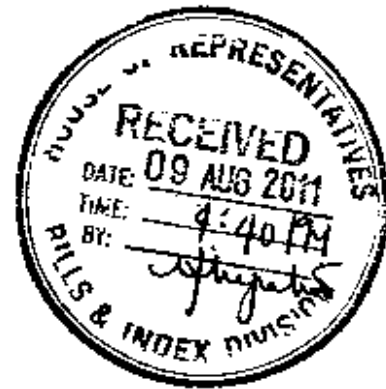


Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Constitution Hills, Quezon City



**FIFTEENTH CONGRESS**  
Second Regular Session

**HOUSE BILL NO. 5059**

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**Introduced by Honorable Tomas V. Apacible**

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**EXPLANATORY NOTE**

Republic Act 7394, otherwise known as the "Consumer Act of the Philippines" was enacted into law in April 13, 1992. Since then, it has served as the legal crutch of our consumers in pursuing various actions against erring individuals and enterprises.

Almost twenty years after the law's enactment, gaps have surfaced which must be addressed at the soonest time possible to ensure that consumers in the Philippines will be able to cope with developments in consumer products brought about by scientific breakthroughs, technology and other innovations.

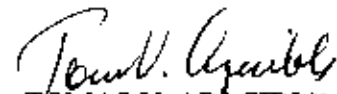
Article XVI on General Provisions of the 1987 Constitution provides the constitutional framework for the protection of consumers. These are found in Sections 9 and 11, subsection 2. Section 9 states that, "The State shall protect consumers from trade malpractices and from substandard or hazardous products." While Section 11, subsection 2, paragraph 1 states that: "The advertising industry is impressed with public interest, and shall be regulated by law for the protection of consumers and the promotion of the general welfare."

In 1999, the United Nations agreed on an expanded "Guidelines for Consumer Protection." The major objectives of the guidelines include the need to assist countries in achieving or maintaining adequate protection for their population as consumers; to facilitate production and distribution patterns responsive to the needs and desires of consumers; to encourage high levels of ethical conduct for those engaged in the production and distribution of goods and services to consumers; to assist countries in curbing abusive business practices by all enterprises at the national and international levels which adversely affect consumers; to facilitate the development of independent consumer groups; to further international cooperation in the field of consumer protection; to encourage the development of market conditions which provide consumers with greater choice at lower prices and to promote sustainable consumption.

The Guidelines also called on governments to develop or maintain a strong consumer protection policy to ensure that consumers are protected from hazards to their health and safety; the promotion and protection of the economic interests of consumers; access of consumers to adequate information to enable them to make informed choices according to individual wishes and needs; consumer education, including education on the environmental, social and economic impacts of consumer choice; availability of effective consumer redress; freedom to form consumer and other relevant groups or organizations and the opportunity of such organizations to present their views in decision-making processes affecting them; and, the promotion of sustainable consumption patterns.

This proposed bill will not only highlight consumer rights but will also legislate consumer responsibilities and amends relevant provisions of the law.

It is hoped that through this proposed law, the consumers in the Philippines will be on equal footing with consumers of our nations who have put in place similar legislation. International concern and collective actions are best served by domestic legislation.

  
TOMAS V. APACIBLE

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Constitution Hills, Quezon City

**FIFTEENTH CONGRESS**  
Second Regular Session

**HOUSE BILL NO. 5059**

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**INTRODUCED BY HON. TOMAS V. APACTIBLE**

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**AN ACT**  
**GRANTING BROADER PROTECTION FOR CONSUMERS AMENDING FOR THE**  
**PURPOSE REPUBLIC ACT NO. 7394, OTHERWISE KNOWN AS "THE CONSUMER**  
**ACT OF THE PHILIPPINES"**

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

**CHAPTER 1**

**AMENDMENTS TO TITLE I (GENERAL PROVISIONS)**

**CHAPTER I**

**GENERAL PROVISIONS**

**SECTION 1.** Short Title. – This Act shall be known as "The Consumer Act of 2011".

**SECTION 2.** A new Article is hereby inserted to the Consumer Act of the Philippines to read as follows:

**"THE EIGHT (8) CONSUMER BILL OF RIGHTS – THE GOVERNMENT, IN MAINTAINING AND STRENGTHENING THE PROMOTION OF THE INTEREST AND WELFARE OF THE CONSUMERS IN THEIR RELATION TO THE BUSINESS AND INDUSTRY PRACTICE AS WELL AS TO THE PRODUCTION AND DISTRIBUTION OF CONSUMER PRODUCTS, SHALL ADOPT MEASURES OR FORMULATE POLICES TAKING INTO ACCOUNT THE FOLLOWING EIGHT (8) BASIC CONSUMER RIGHTS:**

**a.) RIGHT TO BASIC NEEDS – THE CONSUMER SHALL BE ENTITLED TO GUARANTEED SURVIVAL, ADEQUATE FOOD, CLOTHING, SHELTER, HEALTH CARE, EDUCATION AND SANITATION.**

1        b.) RIGHT TO CHOOSE – THE CONSUMER SHALL BE ENTITLED TO CHOOSE PRODUCTS  
2 AT COMPETITIVE PRICES WITH AN ASSURANCE OF SATISFACTORY QUALITY.

3  
4        c.) RIGHT TO REPRESENTATION – THE CONSUMER SHALL BE ENTITLED TO EXPRESS  
5 CONSUMER INTERESTS IN THE MAKING AND EXECUTION OF GOVERNMENT POLICIES.

6  
7        d.) RIGHT TO REDRESS – THE CONSUMER SHALL BE ENTITLED TO COMPENSATION  
8 FOR MISREPRESENTATION, SUBSTANDARD OR DEFECTIVE GOODS OR UNSATISFACTORY  
9 SERVICES.

10  
11       e.) RIGHT TO CONSUMER EDUCATION – THE CONSUMER SHALL BE ENTITLED TO  
12 ACQUIRE THE KNOWLEDGE AND SKILLS NECESSARY TO BE AN INFORMED CHOICE.

13  
14       f.) RIGHT TO SAFETY – THE CONSUMER SHALL BE ENTITLED TO PROTECTION  
15 AGAINST THE MARKETING OF GOODS OR PROVISION OF SERVICES THAT ARE  
16 HAZARDOUS TO HEALTH AND LIFE.

17  
18       g.) RIGHT TO A HEALTHY ENVIRONMENT. – THE CONSUMER SHALL BE ENTITLED TO  
19 LIVE AND WORK IN AN ENVIRONMENT WHICH IS NEITHER THREATENING NOR  
20 DANGEROUS AND WHICH PERMITS A LIFE OF DIGNITY AND WELL-BEING.”

21  
22       h.) RIGHT TO INFORMATION – THE CONSUMER SHALL BE ENTITLED TO PROTECTION  
23 AGAINST DISHONEST OR MISLEADING ADVERTISING OR LABELING AND BE GIVEN THE  
24 FACTS AND INFORMATION NEEDED TO MAKE AN INFORMED CHOICE.

25  
26       **SECTION 3.** A new Article is hereby inserted to the Consumer Act of the Philippines to read as follows:

27  
28       *“THE FIVE (5) CONSUMER RESPONSIBILITIES* – IN CONNECTION WITH HIS ENTITLEMENT  
29 OF THE BASIC RIGHTS STATED IN THE PRECEDING SECTION, THE CONSUMER SHALL  
30 EXERCISE THE FOLLOWING RESPONSIBILITIES:

31  
32       a) CRITICAL AWARENESS – THE CONSUMER SHALL BE MORE ALERT AND  
33 QUESTIONING ABOUT THE USE OF, THE PRICE AND QUALITY OF GOODS AND SERVICES  
34 USE.





1 at) "Mass media" refers to any means or methods used to convey advertising messages to the public  
2 such as television, radio, THE INTERNET, MOBILE PHONES AND SIMILAR ELECTRONIC  
3 DEVICES, magazines, cinema, billboards, posters, streamers, hand bills, leaflets, mails and the like.

4  
5 xxx xxx xxx

6  
7 bm) "Sales Promotion" means techniques intended for broad consumer participation which contain  
8 promises of gain such as prizes, in cash or in kind, OR AN OPPORTUNITY TO WIN ANY PRIZES OR  
9 FREE SERVICES, OR GIFT, OR ANY SIMILAR SCHEME, as reward for TRANACTING FOR,  
10 RECEIVING, OR purchas[e]ING the purchase of a product, security, service or winning in contest, game,  
11 tournament and other similar competitions OR CHALLENGES which involve determination of winner/s  
12 and which utilize mass media or other widespread media of information such as INFORMATION AND  
13 COMMUNICATION TECHNOLOGY. It also means techniques purely intended to increase the sales,  
14 patronage and/or goodwill of [a product], TRANSACTION FOR, PURCHASING, OR RECEIVING OF,  
15 CONSUMER PRODUCTS AND SERVICES.

16  
17 xxx xxx xxx

18  
19 bn) "Seller" means a person engaged in the business of selling consumer products AND SERVICES  
20 directly to consumers. It shall include a supplier or distributor if (1) the seller is a subsidiary or affiliate of  
21 the supplier or distributor; (2) the seller interchanges personnel or maintains common or overlapping  
22 officers or directors with the supplier or distributor; or (3) the supplier or distributor provides or exercises  
23 supervision, direction or control over the selling practices of the seller.

24  
25 xxx xxx xxx

26  
27 br) "Standard" means a set of conditions to be fulfilled to ensure the quality and safety of a product  
28 AND SERVICE;

29  
30 xxx xxx xxx

31  
32

1 **CHAPTER 2**

2 **AMENDMENTS TO TITLE II (CONSUMER PRODUCT QUALITY AND SAFETY)**

3  
4 **CHAPTER I**

5 **CONSUMER PRODUCT QUALITY AND SAFETY**

6  
7 **SECTION 5.** Article 6 of the Consumer Act is hereby amended to read as follows:

8  
9 *“ART. 6 Implementing Agencies.* – The provisions of this Act and its implementing rules and regulations  
10 shall be enforced by:

11  
12 a) the Department of Health with respect to PROCESSED food, drugs, cosmetics, devices and  
13 HAZARDOUS substances;

14  
15 b) the Department of Agriculture with respect to products related to agriculture AND FISHERIES;

16  
17 c) the Department of Trade and Industry with respect to other consumer products not specified  
18 above;

19  
20 **SECTION 6.** Article 8 of the Consumer Act is hereby amended to read as follows:

21  
22 *“ART. 8 Publication of Consumer Product Standards.* – The concerned department shall, upon  
23 promulgation of the above standards, publish or cause the publication of the same EITHER in a  
24 newspaper of general circulation, in the OFFICIAL GAZETTE, OR IN THE  
25 DEPARTMENT'S/AGENCY'S OFFICIAL WEB PORTAL. It may likewise conduct an information  
26 campaign through other means deemed effective to ensure the proper guidance of consumers, businesses,  
27 industries and other sectors concerned.”

28  
29 **SECTION 7.** Article 10 of the Consumer Act of the Philippines is hereby amended to read as follows:

30



1 "Art. 10. Injurious, Dangerous and Unsafe Products. - Whenever the departments find, by their own initiative or by  
2 petition of a consumer, that a consumer product is found to be injurious, unsafe or dangerous, it shall, after due  
3 notice and hearing, make the appropriate order for its recall, prohibition or seizure from public sale or distribution:  
4 Provided, That, in the sound discretion of the department it may declare a consumer product to be imminently  
5 injurious, unsafe or dangerous, and order is immediate recall, ban or seizure from public sale or distribution, in  
6 which case, the seller, distributor, manufacturer or producer thereof shall be afforded a hearing within forty-eight  
7 (48) hours from such order: PROVIDED, FURTHER, ANY ESTABLISHMENT CAUGHT *IN FLAGRANTE*  
8 *DELICTO* SELLING, DISTRIBUTING, MANUFACTURING, PRODUCING, OR IMPORTING  
9 SUBSTANDARD AND HAZARDOUS PRODUCTS SHALL BE AUTOMATICALLY CLOSED AND  
10 SHUT DOWN.

11

12 The ban on the sale and distribution of a consumer product adjudged injurious, unsafe or dangerous, or imminently  
13 injurious, unsafe or dangerous under the preceding paragraph shall stay in force until such time that its safety can be  
14 assured or measures to ensure its safety have been established."

15

16 **SECTION 8.** Article 11 of the Consumer Act is hereby amended to read as follows:

17

18 "ART. 11. *Amendment and Revocation of Declaration of the Injurious, Unsafe or Dangerous Character*  
19 *of a Consumer Product.* - Any interested person may petition the appropriate department to commence a  
20 proceeding for the issuance of an amendment or revocation of a consumer product safety rule or an order  
21 declaring a consumer product injurious, dangerous and unsafe.

22

23 In case the department, upon petition by an interested party or its own initiative and after due notice and  
24 hearing, determines a consumer product to be substandard or materially defective, it shall so notify the  
25 manufacturer, distributor or seller thereof of such finding and order such manufacturer, distributor or  
26 seller to WITHOUT DELAY:

27

28 a) give notice to the public of the defect or failure to comply with the product safety standards;

29

30 b) give notice to each distributor or seller of such product; and

31

32 c) GIVE NOTICE TO EVERY PERSON TO WHOM SUCH CONSUMER PRODUCT WAS  
33 DELIVERED OR SOLD.

34

1 The department shall also direct the manufacturer, distributor or seller of such product to extend WITHIN  
2 REASONABLE TIME any or all of the following remedies to the injured person:

3

4 a) to bring the product with a like or equivalent product which complies with the applicable  
5 consumer product standards which does not contain the defect;

6

7 b) to replace the product with a like or equivalent product which complies with the applicable  
8 consumer product standards which does not contain the defect;

9

10 c) to refund the purchase price of the product less a reasonable allowance for use; and

11

12 d) to pay the consumer reasonable damages as may be determined by the department.

13

14 The manufacturer, distributor or seller shall not charge a consumer who avails himself of the remedy as  
15 provided above of any expense and cost that may be incurred."

16

17 **SECTION 9.** A new Article is hereby inserted to the Consumer Act of the Philippines to read as follows:

18

19 *"PHYSICAL SAFETY* - APPROPRIATE POLICIES SHOULD ENSURE THAT IF  
20 MANUFACTURERS OR DISTRIBUTORS BECOME AWARE OF UNFORESEEN HAZARDS  
21 AFTER PRODUCTS ARE PLACED ON THE MARKET, THEY SHOULD NOTIFY THE RELEVANT  
22 AUTHORITIES AND, AS APPROPRIATE, THE PUBLIC WITHOUT DELAY. GOVERNMENTS  
23 SHOULD ALSO CONSIDER WAYS ENSURING THAT CONSUMERS ARE PROPERLY  
24 INFORMED OF SUCH HAZARDS."

25

26 **CHAPTER 3**

27 **AMENDMENTS TO TITLE III (PROTECTION AGAINST DECEPTIVE, UNFAIR AND**  
28 **UNCONSCIONABLE SALES ACTS OR PRACTICES)**

29 **CHAPTER I**

30 **DECEPTIVE, UNFAIR AND UNCONSCIONABLE SALES ACTS OR PRACTICES**

31 **REGULATION OF SALES ACTS AND PRACTICES**

32 **SECTION 11.** Article 52 of the Consumer Act of the Philippines is hereby amended to read as follows:

1

2 "ART. 52. *Unfair or Unconscionable Sales Act or Practice.* – An unfair or unconscionable sales act or  
3 practice by a seller or supplier in connection with a consumer transaction violates this Chapter whether it  
4 occurs before, during or after the consumer transaction. An act or practice shall be deemed unfair or  
5 unconscionable whenever the producer, manufacturer, distributor, supplier or seller, by taking advantage  
6 of the consumer's physical or mental infirmity, ignorance illiteracy, lack of time or the general conditions  
7 of the environment or surroundings, induces the consumer to enter into a sales or lease transaction  
8 inimical to the interests of the producer, manufacturer, distributor, supplier or seller.

9

10 In determining, whether an act or practice is unfair and unconscionable, the following circumstances shall  
11 be considered:

12

13 a) that the producer, manufacturer, distributor, supplier or seller took advantage of the inability of  
14 the consumer to reasonably protect his interest because of inability to understand the language of an  
15 agreement, or similar factors;

16

17 b) that when the consumer transaction was entered into, the price grossly exceeded the price at  
18 which similar products or services were readily obtainable in similar transaction by like consumers;

19

20 c) that when the consumer transaction was entered into the consumer was unable to receive a  
21 substantial benefit from the subject of transaction;

22

23 d) that when the consumer transaction was entered into, the seller or supplier was aware that there  
24 was no reasonable probability of payment of the obligation in full by the consumer;

25

26 e) that the transaction that the seller or supplier induced the consumer to enter into was excessively  
27 one-sided in favor of the seller or supplier SUCH AS BUT NOT LIMITED TO:

28

29 1) THAT WHEN THE CONSUMER TRANSACTION WAS ENTERED INTO, THE  
30 SELLER OR SUPPLIER IMPOSES UPON THE CONSUMER TERMS AND CONDITIONS  
31 GROSSLY DISADVANTAGEOUS TO THE LATTER WHO IS REDUCED TO THE  
32 ALTERNATIVE OF ACCEPTING THE CONTRACT OR LEAVING IT, COMPLETELY  
33 DEPRIVED OF THE OPPORTUNITY TO BARGAIN ON EQUAL FOOTING; AND

34



1 "ENGLISH OR PILIPINO TRANSLATION OF PRODUCT LABELS WRITTEN IN FOREIGN  
2 CHARACTERS/LANGUAGES. – CONSUMER PRODUCTS WITH PRODUCT LABELS WRITTEN IN  
3 FOREIGN CHARACTERS/LANGUAGE SHALL BE ALLOWED ENTRY INTO THE COUNTRY  
4 AND INTRODUCED INTO COMMERCE ONLY IF THEY HAVE A CORRESPONDING ENGLISH  
5 OR PILIPINO TRANSLATION TO ENABLE THE AUTHORITIES TO DETERMINE WHETHER  
6 THE PRODUCT HAS COMPLIED WITH ALL THE OTHER LABELING REQUIREMENTS AS  
7 WELL AS PROVIDE THE CONSUMERS PROPER GUIDANCE ON THE CONTENTS AND  
8 SOURCE / ORIGIN OF THE PRODUCT."

9

10 **SECTION 14.** A new article is hereby inserted to the Consumer Act of the Philippines to read as follows:

11

12 "OFFICIAL SOURCES OF INFORMATION FOR IMPORTED CONSUMER PRODUCTS. – IMPORT  
13 DATA FROM THE BUREAU OF CUSTOMS AND BUREAU OF IMPORT SERVICES SHALL BE  
14 RECOGNIZED AS OFFICIAL SOURCES OF INFORMATION TO VALIDATE THE FOLLOWING  
15 INFORMATION RELATIVE TO A PARTICULAR IMPORTED CONSUMER PRODUCT:

16

- 17 1. COUNTRY OF MANUFACTURE;
- 18 2. NAME AND ADDRESS OF MANUFACTURER / EXPORTER;
- 19 3. NAME AND ADDRESS OF IMPORTER/CONSIGNEE;
- 20 4. VALUE AND VOLUME OF SHIPMENT;
- 21 5. DATE OF ARRIVAL, AND;
- 22 6. OTHER INFORMATION RELEVANT TO THE SHIPMENT IN QUESTION."

23

24

25

#### CHAPTER VI

26

#### FALSE, DECEPTIVE AND MISLEADING ADVERTISEMENT

27

28 **SECTION 15** Article 110 of the Consumer Act of the Philippines is hereby amended to read as follows:

29

30 "ART. 110. *False, Deceptive or Misleading Advertisement.* – It shall be unlawful for any person to  
31 disseminate or to cause the dissemination of any false, deceptive or misleading advertisement by  
32 Philippine mail or in commerce by print, radio, television, outdoor advertisement, INTERNET, MOBILE  
33 PHONE, or other medium for the purpose of inducing or which is likely to induce directly or indirectly  
34 the purchase of consumer products or services.

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An advertisement shall be false, deceptive or misleading if it is not in conformity with the provisions of this Act or if it is misleading in a material respect. In determining whether any advertisement is false, deceptive or misleading, there shall be taken into account, among other things, not only representations made or any combination thereof, but also the extent to which the advertisement fails to reveal material facts in the light of such representations, or materials with respect to consequences which may result from the use or application of consumer products or services to which the advertisement relates under the conditions prescribed in said advertisement, or under such conditions as are customary or usual."

**SECTION 16.** A new Article is hereby inserted to the Consumer Act of the Philippines to read as follows:

*"ADVERTISEMENT ;GENERAL PRINCIPLES* – (1) ADVERTISING MUST PROVIDE THE GENERAL PUBLIC WITH RELEVANT AND TRUTHFUL INFORMATION ON PRODUCTS AND SERVICES, THEREBY HELPING CONSUMERS MAKE INFORMED CHOICES.

(2) THE ADVERTISING INDUSTRY SHOULD CONTINUE TO IMPROVE THE LEVELS AND STANDARDS OF ADVERTISING.

**SECTION 17.** A new Article is hereby inserted to the Consumer Act of the Philippines to read as follows:

*COVERAGE* – (1) THESE PROVISIONS SHALL APPLY TO THE PHILIPPINE ADVERTISING COMMUNITY WHICH INCLUDES ADVERTISERS, ADVERTISING AGENCIES, MEDIA AND ADVERTISING SUPPORT GROUPS.

(2) THESE PROVISIONS SHALL NOT APPLY TO THE FOLLOWING:

2.1) PUBLIC SERVICE AND EMERGENCY ANNOUNCEMENTS OF UTILITY COMPANIES.

1 2.2.) RELIGIOUS, POLITICAL AND PUBLIC ISSUE ADVERTISEMENTS AND  
2 ANNOUNCEMENTS, EXCEPT WHERE THESE INVOLVE OR SEEK TO PROMOTE  
3 COMMERCIAL TRANSACTIONS.

4  
5 2.3) STANDARD TRANSPORT ANNOUNCEMENTS, CLASSIFIED ADVERTISEMENTS AND  
6 OBITUARIES.

7  
8 **SECTION 18.** A new Article is hereby inserted to the Consumer Act of the Philippines to read as  
9 follows:

10  
11 *PRESENTATION OF ADVERTISEMENTS* - (1) CLAIMS OF PRODUCTS AND SERVICE  
12 PROPERTIES OR THEIR INTENDED USAGE SHOULD BE CLEARLY PRESENTED AND  
13 SHOULD NOT MISLEAD OR BE LIKELY TO MISLEAD THE PERSONS TO WHOM THEY ARE  
14 ADDRESSED BY INACCURACY, AMBIGUITY, EXAGGERATION OR OMISSION.

15  
16 (2) ANY TEST OR DEMONSTRATION MAY BE USED ONLY IF IT DIRECTLY PROVES  
17 THE CLAIMED PRODUCT OR SERVICE PROPERTY OR CHARACTERISTICS AND SHOULD BE  
18 PRESENTED CLEARLY AND ACCURATELY.

19  
20 (3) CORPORATE ADVERTISING MUST BE FAIR, TRUTHFUL AND ACCURATE; IT  
21 SHOULD NOT CONTAIN ANY EXAGGERATIONS OR SWEEPING GENERALIZATIONS THAT  
22 MAY MISLEAD THE PUBLIC REGARDING THE ADVERTISER OR THE ATTRIBUTES OF ITS  
23 PRODUCTS OR SERVICES. WHERE THE ADVERTISEMENTS CONTAIN SPECIFIC CLAIMS  
24 REGARDING THE COMPANY OR ITS PRODUCTS OR SERVICES, SUCH CLAIMS MUST BE  
25 VERIFIABLE AND SUBJECT TO SUBSTANTIATION IN THE SAME MANNER AS REGULAR  
26 PRODUCT OR SERVICE ADVERTISEMENTS.

27  
28 **SECTION 19.** A new Article is hereby inserted to the Consumer Act of the Philippines to read as  
29 follows:

30  
31 *\*SPECIFIC CLAIMS - (1) INGREDIENT ADVERTISING* - (A) ADVERTISEMENTS SHOULD NOT  
32 CONTAIN ANY REFERENCE WHICH COULD LEAD THE PUBLIC TO ASSUME THAT A  
33 PRODUCT CONTAINS A SPECIFIC INGREDIENT UNLESS THE INGREDIENT'S QUANTITIES

1 AND PROPERTIES AS WELL AS THE MATERIAL BENEFIT THAT RESULTS FROM ITS  
2 INCLUSION IN THE PRODUCT FORMULATION HAVE BEEN TECHNICALLY

4

5 (B) ADVERTISEMENTS SHOULD NOT IMPLY THAT A CERTAIN BENEFIT IS DUE TO A  
6 SPECIFIC INGREDIENT UNLESS A VERIFIABLE CAUSE AND EFFECT RELATIONSHIP EXISTS

7

8 (2) *PROFESSIONAL DATA REFERENCES* -- ADVERTISEMENTS USING THE RESULTS OF A  
9 BONA FIDE RESEARCH, SURVEYS, OR TEST RELATING TO A PRODUCT SHOULD NOT BE  
10 PRESENTED INACCURATELY OR IN A MISLEADING MANNER, NOR SHOULD IT CLAIM  
11 ANY IMPLICATIONS BEYOND THAT CLEARLY ESTABLISHED BY RESEARCH, SURVEY OR  
12 TEST.

13

14 (3) *SCIENTIFIC CLAIMS* -- (A) VISUAL REPRESENTATIONS OF LABORATORY SETTINGS MAY  
15 ONLY BE EMPLOYED PROVIDED THE RESEARCH WAS CONDUCTED IN THE  
16 LABORATORY.

17

18 (B) IN CASE OF REFERENCES TO TESTS BY PROFESSIONALS OR INSTITUTIONS (E.G.  
19 DOCTORS, ENGINEERS, RESEARCH FOUNDATIONS) DOCUMENTED AND AUTHORITATIVE  
20 EVIDENCE SHOULD BE SUBMITTED TO SUBSTANTIATE SUCH TESTS AND THE CLAIMS  
21 BASED THEREON.

22

23 (4) NUMBER 1 OR LEADERSHIP CLAIM -- (A) NO "NO. 1" CLAIM WITH RESPECT TO ANY  
24 PRODUCT OR SERVICE SHALL BE ALLOWED UNLESS IT IS CLEARLY DELINEATED AND  
25 QUALIFIED AS TO RENDER THE CLAIM OBJECTIVELY VERIFIABLE. THE CLAIM SHOULD,  
26 IN ANY CASE, BE SUBSTANTIATED.

27

28 (5) TESTIMONIALS -- (A) \*TESTIMONIAL CLAIMS RELATING TO THE PRODUCT BEING  
29 ADVERTISED SHOULD BE GENUINE AND TRUTHFUL.

30

31 (B) INDIVIDUAL PERSON(S) ENDORSING A PRODUCT OR SERVICE IN COMMUNICATION  
32 MATERIALS AND WHO IS PRESENTED AS AN EXPERT MUST HAVE DEMONSTRABLE  
33 CREDENTIALS TO SUBSTANTIATE THE CLAIMED EXPERTISE. HIS OR HER ENDORSEMENT



1 MUST BE SUPPORTED BY AN ACTUAL EXERCISE OF HIS/HER EXPERTISE IN EVALUATING  
2 THE PRODUCT OR SERVICE FEATURES OR CHARACTERISTICS. SUCH EVALUATION MUST  
3 BE RELEVANT AND AVAILABLE TO AN ORDINARY CONSUMER'S USE OF OR EXPERIENCE  
4 WITH THE PRODUCT.

5

6 (C) ENDORSEMENTS BY AN ORGANIZATION ARE VIEWED AS JUDGMENT(S) BY A GROUP  
7 WHOSE COLLECTIVE EXPERIENCE OUTWEIGHS THAT OF AN INDIVIDUAL MEMBER.  
8 ADVERTISER MUST PROVIDE EVIDENCE THAT THE ORGANIZATION'S ENDORSEMENT  
9 WAS REACHED BY A PROCESS SUFFICIENT TO ENSURE THAT IT REFLECTS THE  
10 COLLECTIVE JUDGMENT OF THE ORGANIZATION.

11

12 THE ORGANIZATION MAY BE CONSIDERED LEGITIMATE IF IT CAN PRESENT BY  
13 PROOF OF AT LEAST ONE YEAR."

14

15

16 *PROMOTION OF SALES OF CONSUMER PRODUCTS AND SERVICES*

17

18 **SECTION 20.** A new Article is hereby inserted to the Consumer Act of the Philippines to read as  
19 follows:

20

21 *"COVERAGE OF ADVERTISING AND SALES PROMOTION. – THE PROVISIONS ON*  
22 *ADVERTISING AND SALES PROMOTION SHALL APPLY TO ADVERTISING AND*  
23 *PROMOTION OF CONSUMER PRODUCTS, SERVICES AND CREDIT FACILITIES, WHICH*  
24 *INCLUDE SPONSORSHIPS OF PROGRAMS, CONCERTS, GAMES, SHOWS AND SIMILAR*  
25 *ACTIVITIES. PROVIDED, THAT WITH RESPECT TO FOOD, DRUGS, DEVICES, COSMETICS*  
26 *AND HAZARDOUS SUBSTANCES AND AGRICULTURAL PRODUCTS, THE SAME SHALL BE*  
27 *UNDER THE JURISDICTION OF THE CONCERNED DEPARTMENTS."*

28

29 **SECTION 21.** A new Article is inserted to the Consumer Act of the Philippines to read as follows:

30

31 *"COVERAGE AND EXEMPTION OF THE SALES PROMOTION OF CONSUMER PRODUCTS AND*  
32 *SERVICES. (A) COVERAGE OF THE SALES PROMOTION OF CONSUMER PRODUCTS AND*  
33 *SERVICES – THE PROVISIONS ON SALES PROMOTIONS OF THE CONSUMER PRODUCTS*

1 AND SERVICES SHALL APPLY TO ALL PROMOTIONAL CAMPAIGNS/ANNOUNCEMENTS  
2 FOR CONSUMER PRODUCTS, SERVICES, CREDIT FACILITIES, AS WELL AS BEAUTY  
3 CONTESTS, NATIONWIDE IN CHARACTER.

4

5 THE PROVISIONS OF SALES PROMOTION OF CONSUMER PRODUCTS AND  
6 SERVICES SHALL LIKEWISE APPLY TO SIMILAR ACTIVITIES SUCH AS BUT NOT LIMITED  
7 TO IN-STORE PROMOTIONS OFFERING REDUCED PRICES, SPECIAL OFFERS, PRODUCT  
8 DEMONSTRATION, PRODUCTS SAMPLES, REBATES, DISCOUNTS, PREMIUM-IN-PACK,  
9 AND EXPERT ADVICE.

10

11 (B) *EXEMPTION OF THE SALES PROMOTION OF CONSUMER PRODUCTS AND*  
12 *SERVICES* – THE PROVISIONS OF SALES PROMOTION OF CONSUMER PRODUCTS AND  
13 SERVICES SHALL NOT APPLY TO THE FOLLOWING PROMOTIONAL CAMPAIGNS OR  
14 ACTIVITIES:

15

16 (1) GOVERNMENT OR ANY OF ITS AGENCIES OR INSTRUMENTALITIES, WHEN THE SAME  
17 IS CONDUCTED IN THE EXERCISE OF THEIR GOVERNMENTAL FUNCTIONS.

18

19 (2) PRIVATE ENTITIES IN JOINT PROJECTS WITH ANY GOVERNMENT AGENCY UNDER  
20 THE PRECEDING PARAGRAPH.

21

22 (3) SOCIAL, CIVIC, POLITICAL, RELIGIOUS, EDUCATIONAL, PROFESSIONAL AND OTHER  
23 SIMILAR ORGANIZATIONS WHICH EXTEND PROMOTIONAL ACTIVITY AMONG THEIR  
24 MEMBERS. PROVIDED, THAT THE PROMOTIONAL ACTIVITY IS NOT CONSIDERED SALES  
25 PROMOTIONAL CAMPAIGN AS DEFINED UNDER THESE ACT.

26

27 **SECTION 22.** Article 116 of the Consumer Act of the Philippines is hereby amended to read as follows:

28

29 "ART. 116. *Permit to Conduct Promotion.* – No person shall conduct any sales campaigns, including  
30 beauty contest, national in character, sponsored and promoted by PRODUCERS, RETAILERS,  
31 SELLERS, DISTRIBUTORS, SUPPLIERS, IMPORTERS, OR manufacturing enterprises without first  
32 securing a permit from the concerned department [at least thirty (30) calendar days] prior to the  
33 commencement thereof. Unless an objection or denial is received WITHIN 5 (FIVE) DAYS [fifteen (15)  
34 days] from filing of the COMPLETE application, the same shall be deemed approved and the promotion  
35 campaign or activity may be conducted: provided, that any sales promotion campaign using medical

1 prescriptions or any part thereof or attachment thereto for raffles or a promise of reward shall not be  
2 allowed, nor a permit be issued thereof.”

3

4 **SECTION 23.** A new Article is hereby inserted to the Consumer Act of the Philippines to read as follows:

5

6 “APPLICATION FOR PERMIT - (A) THE APPLICATION FOR PERMIT SHALL BE IN THE  
7 FORM PRESCRIBED BY THE DEPARTMENT CONCERNED.

8

9 (B) *WHO MAY FILE THE APPLICATION FOR PERMIT* - THE PERSON WHOSE  
10 CONSUMER PRODUCTS, SERVICES, CREDIT FACILITIES, BEAUTY CONTESTS,  
11 COMPETITION, GAMES SHOWS AND THE LIKE ARE BEING PROMOTED.

12

13 THE ABOVE PERSON SHALL SIGN THE APPLICATION INDIVIDUALLY OR JOINTLY WITH  
14 THE OTHERS OR SUBMIT THEREWITH A TRUE COPY OF ANY WRITTEN AGREEMENT  
15 BETWEEN OR AMONG THEMSELVES, REFLECTING THE DEGREE OR EXTENT OF THEIR  
16 PARTICIPATION AND RESPONSIBILITY IN THE CONDUCT OF THE PROMOTIONAL  
17 ACTIVITY COVERED BY THIS ACT OR THE RULES. WHERE NO LIMITATION AS TO THE  
18 EXTENT OF THE LIABILITY OR RESPONSIBILITY IS INDICATED IN SUCH AGREEMENT, ALL  
19 OF THEM SHALL BE JOINTLY AND SEVERALLY LIABLE AND RESPONSIBLE THEREFOR.

20

21 (C) *APPLICATION THROUGH AND BY AN AGENT* - WHERE THE PROMOTIONAL  
22 CAMPAIGN/ACTIVITY IS APPLIED FOR AND IN BEHALF OF THE PERSONS MENTIONED IN  
23 PARAGRAPH (A) HEREOF, THE AGENT SHALL BE AUTHORIZED BY A SPECIAL POWER OF  
24 ATTORNEY OR A BOARD RESOLUTION AS EVIDENCED BY SECRETARY'S CERTIFICATE  
25 AS THE CASE MAY BE.”

26

27 **SECTION 24.** A new Article is hereby inserted to the Consumer Act of the Philippines to read as  
28 follows:

29

30 “*PROHIBITED ACTS IN THE CONDUCT OF SALES PROMOTION* - “THE FOLLOWING ACTS ARE  
31 PROHIBITED IN THE CONDUCT OF SALES PROMOTION CAMPAIGN: (A) GAMBLING AND  
32 WAGERING SCHEMES;

33

1 (B) USE OF MEDICAL PRESCRIPTIONS; AND

2

3 (C) NO PERSON SHALL DIRECTLY OR INDIRECTLY TAMPER WITH THE ENTRIES,  
4 PARAPHERNALIA AND/OR ELECTRONIC DEVICE IN A PROMOTIONAL CAMPAIGN/ACTIVITY  
5 COVERED BY THIS ACT OR THE RULES NOR UNDULY INFLUENCE THE RESULTS THEREOF,  
6 NOR PERFORM ANY ACT TO THE PREJUDICE OF LEGITIMATE PARTICIPANTS AND/OR  
7 WINNERS.

8

9 SECTION 25. A new Article is hereby inserted to the Consumer Act of the Philippines to read as  
10 follows:

11

12 *"VOLUNTARY CANCELLATION OF APPROVED PROMOTIONAL CAMPAIGN/ACTIVITY – (A)*  
13 *VOLUNTARY CANCELLATION BEFORE PUBLICATION – A PERSON MAY VOLUNTARILY*  
14 *CANCEL OR DISCONTINUE THE APPROVED PROMOTIONAL CAMPAIGN/ACTIVITY*  
15 *PROVIDED NO INFORMATION DISSEMINATION AND ADVERTISING THEREON HAS BEEN*  
16 *MADE AND THAT A WRITTEN NOTICE BE SUBMITTED TO THE DEPARTMENT PRIOR TO*  
17 *SUCH VOLUNTARY CANCELLATION.*

18

19 (B) *VOLUNTARY CANCELLATION AFTER PUBLICATION – IF ANY ANNOUNCEMENT,*  
20 *INFORMATION DISSEMINATION OR ADVERTISING OF THE PROMOTIONAL*  
21 *CAMPAIGN/ACTIVITY HAS ALREADY BEEN MADE, BUT THE PROMOTION PERIOD HAS*  
22 *NOT YET COMMENCED, THE DISCONTINUANCE OR CANCELLATION OF THE PROMOTION*  
23 *MAY BE MADE ONLY UPON PRIOR WRITTEN NOTICE TO THE DEPARTMENT WITHIN A*  
24 *PERIOD OF NOT LESS THAN FIVE (5) DAYS BEFORE THE COMMENCEMENT OF THE*  
25 *ORIGINAL INTENDED DATE OF PROMOTION.*

26

27 THE SPONSOR SHALL HONOR THE PROMOTIONAL COMMITMENTS SHOULD IT  
28 FAIL TO COMPLY WITH THE REQUIRED PERIOD.

29

30 (C) *VOLUNTARY CANCELLATION OF ONGOING PROMOTION – VOLUNTARY*  
31 *CANCELLATION OR DISCONTINUANCE OR SUSPENSION OF ANY ONGOING*  
32 *PROMOTIONAL CAMPAIGNS/ACTIVITIES SHALL NOT BE ALLOWED EXCEPT UPON PRIOR*  
33 *WRITTEN APPROVAL BY THE DEPARTMENT WHICH SHALL BE BASED ON ANY OF THE*  
34 *FOLLOWING GROUNDS:*

35

1 (I) A FINAL JUDGMENT OF VOLUNTARY INSOLVENCY/BANKRUPTCY AGAINST  
2 THE PERSON WHO APPLIED;

3  
4 (II) OCCURRENCE OF ANY FORTUITOUS EVENT OR FORCE MAJEURE THAT WILL  
5 MAKE IT IMPOSSIBLE TO CONTINUE THE PROMOTIONAL CAMPAIGN/ACTIVITY.  
6 PROVIDED, HOWEVER, THAT THOSE WHO HAD ALREADY WON IN THE PROMOTION  
7 BEFORE THE APPROVAL OF THE CANCELLATION OR DISCONTINUANCE OR SUSPENSION  
8 SHALL BE PAID OR GIVEN THEIR PRIZES.

9  
10 **SECTION 26.** A new Article is hereby inserted to the Consumer Act of the Philippines to read as  
11 follows:

12  
13 *"RULES ON MECHANICS - ALL COVERED PROMOTIONAL CAMPAIGNS/ACTIVITIES SHALL*  
14 *ABIDE BY OR COMPLY WITH THE RULES ON THE MECHANICS OF THE PROMOTION SET*  
15 *FORTH IN THE IMPLEMENTING RULES AND REGULATIONS OF THE AGENCY*  
16 *CONCERNED."*

17  
18 **SECTION 27.** A new Article is hereby inserted to the Consumer Act of the Philippines to read as  
19 follows:

20  
21 *(A) MODE OF SELECTION OF PROSPECTIVE PARTICIPANTS/ENTRIES - PROSPECTIVE*  
22 *PARTICIPANTS/ENTRIES ARE SELECTED IN A FAIR, HONEST AND TRANSPARENT*  
23 *MANNER. THERE MUST BE PROOF OF NOTICE OF SELECTION AND SUCH OTHER*  
24 *RELEVANT INFORMATION TO THE SELECTED PARTICIPANTS IN A MANNER EXPRESSLY*  
25 *PROVIDED FOR IN THE MECHANICS.*

26  
27 *(B) DETERMINATION OF WINNERS - DRAW DATE OR DATES FOR THE SELECTION OF*  
28 *PARTICIPANTS OR WINNERS TO A PROMOTION CAMPAIGN OR ACTIVITY SHALL NOT BE*  
29 *MORE THAN FOURTEEN (14) DAYS AFTER THE DEADLINE OF THE SUBMISSION OF*  
30 *ENTRIES.*

31

1 DETERMINATION OF WINNERS MAYBE THOROUGH THE USE OF ANY TECHNIQUE NOT  
2 CONTRARY TO LAW, MORALS AND PUBLIC POLICY PROVIDED THE SAME SHALL BE  
3 CONDUCTED IN A FAIR, HONEST AND TRANSPARENT MANNER.

4

5

6

7

8

9

#### CHAPTER 4

10

#### AMENDMENTS TO TITLE IV (CONSUMER CREDIT TRANSACTION)

11

12 **SECTION 28.** A new Article is hereby inserted to the Consumer Act of the Philippines to read as  
13 follows:

14

15 "ART. 131-A. *IMPLEMENTING AGENCY.* – THE BANGKO SENTRAL NG PILIPINAS SHALL  
16 STRICTLY ENFORCE THE PROVISION OF THIS CHAPTER AND ITS IMPLEMENTING RULES  
17 AND REGULATIONS EXCEPT THOSE WHICH FALLS WITHIN THE JURISDICTION OF THE  
18 SECURITIES AND EXCHNAGE COMMISSION."

19

20

21

#### CHAPTER 5

22

#### AMENDMENTS TO TITLE V (THE NATIONAL CONSUMER AFFAIRS COUNCIL (NCAC))

23

24

#### CHAPTER I

25

#### *ESTABLISHMENT AND COMPOSITION*

26

27 **SECTION 29.** Article 148 of the Consumer Act of the Philippines is hereby amended to read as follows:

28

1 "ART 148. *The National Consumer Affairs Council.* To approve the management, coordination and  
2 effectiveness of consumer programs, a National Consumer Affairs Council is hereby created, hereinafter  
3 referred to as "Council" WHICH SHALL BE ATTACHED DIRECTLY UNDER THE OFFICE OF THE  
4 PRESIDENT."

5

6 **SECTION 30.** Article 149 of the Consumer Act of the Philippines is hereby amended to read as follows:

7

8 "ART 149. *Composition.* The Council shall be composed of representatives from the following  
9 government agencies and non-government agencies:

10

11 a) Department of Trade And Industry;

12 b) DEPARTMENT OF EDUCATION;

13 c) Department of Health;

14 d) Department of Agriculture;

15 E) DEPARTMENT OF ENERGY;

16 e) BANGKO SENTRAL NG PILIPINAS;

17 F) [e] four (4) representatives from the consumer organizations of nationwide base to be chosen by  
18 the president among [the] ITS nominees [submitted by the various groups in the Philippines];  
19 AND

20 G) [f] two (2) representatives from the business industry/sector to be chosen by the president from  
21 the from among the nominees submitted by the various business organizations."

22

23 **SECTION 31.** Article 151 of the Consumer Act is hereby amended to read as follows:

24

25 "ART. 151. *Per Diems of Members.* -- The members of the Council shall be entitled to an allowance of  
26 TEN THOUSAND PESOS (P10,000.00) [five hundred pesos (P500.00)] per meeting actually attended  
27 but not more than SEVEN THOUSAND PESOS (P7,000.00) [two thousand pesos (P2,000.00)] a month."

28

29 **SECTION 32.** Article 152 of the Consumer Act is hereby amended to read as follows:

30

31 "ART. 152. *The Secretariat.* -- The Council shall appoint an Executive Director who shall assist the  
32 Chairman and act as Secretary of the Council. The OFFICE OF THE PRESIDENT [Department of Trade

1 and Industry] shall provide the Secretariat which shall assist the Council in the effective performance of  
2 its functions.”

3  
4  
5 **CHAPTER II**

6 **POWERS AND FUNCTIONS OF NCAC**

7  
8 **SECTION 33.** . Article 156 of the Consumer Act of the Philippines is hereby amended to read as follows:

9  
10 **“ART 156. Consumer Participation.** – Department shall establish procedures for RECOGNITION OF  
11 THE meaningful participation by consumers or consumer organizations in the development and review of  
12 department rules, policies, and programs. Such procedures shall include provisions for a forum, where  
13 consumers can express their concerns and recommendations to decision-makers. The departments shall  
14 exert efforts to inform consumers of pending proceedings where their participation is important.

15  
16 **NOTE BENE:** The inclusion of the word “*recognition*” would do away with the strict requirements of  
17 accreditation of consumer organization under the LOI 1337. In effect, mere recognition of consumer  
18 organization would suffice.

19  
20  
21 **CHAPTER III**

22 **CONSUMER COMPLAINTS**

23  
24 **SECTION 34.** Article 164 paragraph e) of the Consumer Act is hereby amended to read as follows:

25  
26 **“ART. 164. Sanctions.** – After investigation, any of the following administrative penalties may be  
27 imposed even if not prayed for in the complaint:



- 1 a) the issuance of a cease and desist order, *Provided, however,* That such order shall specify the acts  
2 that respondent shall cease and desist from and shall him to submit a report of compliance therewith  
3 within a reasonable time;  
4
- 5 b) the acceptance of a voluntary assurance of compliance or discontinuance from respondent which  
6 may include any or all of the following terms and conditions:  
7
- 8 1) an assurance to comply with the provisions of this Act and its implementing rules and  
9 regulations;  
10
- 11 2) an assurance to refrain from engaging in unlawful acts and practices or unfair or unfair or  
12 unethical trade practices subject of the formal investigation;  
13
- 14 3) an assurance to comply with the terms and conditions specified in the consumer transaction  
15 subject of the complaint;  
16
- 17 4) an assurance to recall, replace, repair, or refund the money value of defective products distributed  
18 in commerce;  
19
- 20 5) an assurance to reimburse the complainant out of any money or property in connection with the  
21 complaint, including expenses in making or pursuing the complaint, if any, and to file a bond to guarantee  
22 compliance therewith.  
23
- 24 c) restitution or rescission of the contract without damage;  
25
- 26 d) condemnation and seizure of the consumer product found to be hazardous to health and safety  
27 unless the respondent files a bond to answer for any damage or injury that may arise from the  
28 continued use of the product;  
29
- 30 e) AUTOMATIC CANCELLATION OF A BUSINESS NAME;  
31
- 32 f) the imposition of administrative fines in such amount as deemed reasonable by the Secretary,  
33 which shall in no case be less than FIFTY THOUSAND PESOS (P50,000.00) [Five hundred  
34 pesos (P500.00)] nor more than ONE MILLION PESOS (P1,000,000.00) [Three hundred  
35 thousand pesos (P300,000.00)] depending on the gravity of the offense, and an additional fine of

1 NOT LESS THAN ONE THOUSAND PESOS (P1,000.00) [not more than One thousand pesos  
2 (P1,000.00) OF [or] each day of continuing violation.  
3

4 **SECTION 35.** A new provision is hereby inserted to the Consumer Act of the Philippines to read as  
5 follows:  
6

7 \* **CRIMINAL PENALTIES – ANY PERSON WHO VIOLATES ANY PROVISION OF THIS ACT**  
8 **SHALL, UPON CONVICTION, BE SUBJECT TO A FINE OF NOT LESS THAN FIFTY THOUSAND**  
9 **PESOS (P50,000.00) BUT NOT MORE THAN ONE MILLION PESOS (P1,000,000.00) OR**  
10 **IMPRISONMENT OF NOT LESS THAN THREE (3) YEARS BUT NOT MORE THAN SEVEN (7)**  
11 **YEARS OR BOTH, UPON THE DISCRETION OF THE COURT.**  
12

13 \***NOTA BENE:** The proposed provision will increase the present penalties of Republic Act No. 7394 or  
14 Consumer Act and set a uniform penalty to be imposed for violation of any of the provisions of the  
15 Consumer Act. The Consumer Act presently imposes different minimum and maximum penalties and  
16 different terms of imprisonment depending on the provisions thereof being violated.  
17

18 **SECTION 36.** A new article is hereby inserted to the Consumer Act which shall read as follows:  
19

20 *"USE OF ADMINISTRATIVE FINES IMPOSED BY THE CONCERNED DEPARTMENT. THE*  
21 *SECRETARY OF THE DEPARTMENT CONCERNED SHALL BE AUTHORIZED TO RETAIN,*  
22 *WITHOUT NEED OF A SEPARATE APPROVAL FROM ANY GOVERNMENT AGENCY, AND*  
23 *SUBJECT ONLY TO EXISTING ACCOUNTING AND AUDITING RULES AND REGULATIONS,*  
24 *THE FEES, FINES, AND OTHER CHARGES COLLECTED BY THE DEPARTMENT UNDER THIS*  
25 *ACT AND OTHER LAWS FOR THE EFFICIENT, EFFECTIVE AND EXPEDITIOUS*  
26 *IMPLEMENTATION AND ENFORCEMENT OF THIS ACT FOR USE IN ITS OPERATION,*  
27 *INCLUDING BUT NOT LIMITED TO THE UPGRADING OF ITS FACILITIES, EQUIPMENT*  
28 *OUTLAY, HUMAN RESOURCE DEVELOPMENT AND EXPANSION, ACQUISITION OF*  
29 *APPROPRIATE OFFICE SPACE, AND OTHER PROJECTS, AIMS, OR ACTIVITIES OF THE*  
30 *DEPARTMENT CONCERNED NECESSARY TO IMPROVE AND STRENGTHEN THE DELIVERY*  
31 *OF ITS SERVICES TO THE PUBLIC. THIS AMOUNT, WHICH SHALL BE IN ADDITION TO THE*  
32 *DEPARTMENT'S ANNUAL BUDGET, SHALL BE DEPOSITED AND MAINTAINED IN A*  
33 *SEPARATE ACCOUNT OR FUND, WHICH MAY BE USED OR DISBURSED DIRECTLY BY THE*  
34 *SECRETARY OF THE CONCERNED DEPARTMENT."*  
35

1  
2 **CHAPTER 6**

3 **AMENDMENTS TO TITLE VI (TRANSITORY AND FINAL PROVISIONS)**  
4

5 **SECTION 37.** Article 169 of the Consumer Act of the Philippines is hereby amended to read as follows:  
6

7 “ART. 169 *Prescription.* — All actions or claims accruing under the provisions of this Act and the rules  
8 and regulations issued pursuant thereto shall prescribe within THREE (3) years [two (2)] from the time  
9 the consumer transaction was consummated or the deceptive or unfair and unconscionable act or practice  
10 was committed and in case of hidden defects, from discovery thereof.”  
11

12 **SECTION 38.** *Separability Clause.* If any part or parts of this Act should, for any reason, be declared  
13 invalid or unconstitutional, the part or parts thereof unaffected shall thereby continue to remain in full  
14 force and effect.  
15

16 **SECTION 39.** *Repealing Clause.* All laws, decrees, executive order, rules and regulations and other  
17 issuances consistent with this Act is hereby repealed or amended accordingly.  
18

19 **SECTION 40.** *Effectivity.* This Act shall take effect fifteen (15) days from the date of publication in at  
20 least two (2) newspapers of general circulation.