



# **IMPACT OF CONSUMER PROTECTION LAWS AND REGULATIONS**

**Presented by:**

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**Department of Trade and Industry**

**RoundTable Discussion on Sustainability  
Reporting Indicators  
23 April 2018**

# TOPIC OUTLINE

## I. Strategic Map of the DTI-Consumer Protection Group (CPG)

## II. Impact of Consumer Protection Laws and Regulations

### 1) Economic

- Consumer Act of the Philippines (RA 7394)
- Price Act (RA 7581)
- Lemon Law (RA 10642)
- No Shortchanging Act of 2016 (RA 10909)
- Toy and Game Safety Labelling Act of 2013 (RA10620)

### 2) Social

- Joint DTI-DA-DOE Administrative Orders on Senior Citizens and Persons with Disability

### 3) Environmental

- DTI Department Administrative Order No.17-08 S. 2017
- Toy and Game Safety Labelling Act of 2013 (RA10620)

# Strategic Map of the CPG

## DTI Mission

- DTI is the main economic catalyst that enables innovative, competitive, job generating, inclusive business, and empowers consumers

## Consumer Protection Group (CPG)

- Heighten consumer vigilance for quality and safe products and services from responsible suppliers
- Engage professional organizations to strengthen consumer redress mechanisms
- Partner with critical private business organizations to promote ethical business practices

# Economic Impact

## 1) Consumer Act of the Philippines (RA 7394)

- Provides protection to consumers against hazards to health and safety and deceptive, unfair and unconscionable sales acts and practices
- Implementing agencies
  - Department of Trade and Industry (DTI)
  - Department of Agriculture (DA)
  - Department of Health( DOH)
  - Department of Education (DepEd)
- Relevant Provisions
  - Consumer Product Quality and Safety
  - Deceptive, Unfair and Unconscionable Sales Acts and Practices
  - Consumer Products and Service Warranties
  - Labeling and Packaging
  - Price Tag

# Economic Impact

## Deceptive Sales Acts and Practices

(Articles 50 and 51, RA 7394)

- Inducing a consumer to enter into sales, lease or avail of services
- Concealment
- False Representation
- Fraudulent Manipulation
- Generally, when an establishment lies to you or hides a material fact to entice you to buy, he has committed a deceptive sales act

# PENALTIES

## CRIMINAL

- **Article 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 **Five Hundred Pesos (P500.00) but not more than Ten Thousand Pesos (P10,000.00)** or imprisonment of not less than **five (5) months but not more than one (1) year or both**, upon the discretion of the court.
- b) 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.

## ADMINISTRATIVE

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

xxx

e) 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 (P500.00) nor more than Three hundred thousand pesos (P300,000.00)** depending on the gravity of the offense, and an additional fine of not more than One thousand pesos (P1,000.00) or each day of continuing violation.

# Economic Impact

## Product Service and Warranty (Chapter III, RA 7394)

- A contract whether express or implied between the buyer and the seller of a consumer product or owner of a service firm concerning the rights and obligations of both parties.
- Designation of Warranty
  - Repair, replacement or refund
- Duration of Warranty
  - Stipulation of seller and consumer on the period
  - 60 days to 1 year following the sale of a new consumer products
- Application of Warranty

# PENALTIES

## CRIMINAL

### Article 73. *Penalties.* –

a) Any person who shall violate the provisions of Article 67 shall be subject to fine of not less than **Five hundred pesos (P500.00) but 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 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.

b) 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) but not more than Fifty thousand pesos (P50,000.00) or imprisonment for a period of at least one (1) year but not more than five (5) years, or both**, at 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.

## ADMINISTRATIVE

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

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e) 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 (P500.00) nor more than Three hundred thousand pesos (P300,000.00)** depending on the gravity of the offense, and an additional fine of not more than One thousand pesos (P1,000.00) or each day of continuing violation.



# Economic Impact

## Labelling and Fair Packaging (CHAPTER IV, RA 7394)

- Provides for the minimum labelling requirements of all consumer products domestically sold, whether manufactured locally or imported

# MINIMUM LABELLING REQUIREMENTS

## CHAPTER IV, ART. 77

- Registered trade name or brand name
- Registered trade mark
- Registered business name
- Address of the manufacturer, importer, repacker of the consumer product in the Philippines
- General make or active ingredients
- Net quantity of contents
- Country of manufacture if imported
- If consumer product is manufactured, refilled or repacked under license from a principal, the label shall state the fact
- Flammable or inflammable
- Direction for use
- Warning of toxicity
- Wattage, voltage or amperes
- Process of manufacture, if necessary

# PENALTIES

## CRIMINAL

Article 95. *Penalties.* –

a) 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 or both**, at 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 or both**, at the discretion of the court.

## ADMINISTRATIVE

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

xxx

e) 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 (P500.00) nor more than Three hundred thousand pesos (P300,000.00)** depending on the gravity of the offense, and an additional fine of not more than One thousand pesos (P1,000.00) or each day of continuing violation.

# Economic Impact

- **Price Tag**

**(ART 81-83, RA 7394)**

All consumer products sold in retail shall bear an appropriate price tag, label or marking indicating the price of the article

Consumer products shall not be sold at a price higher than that stated in the price tag



# PENALTIES

## CRIMINAL

### Article 95. Penalties.

XXX

b) Any person who violates the provisions 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 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.

## ADMINISTRATIVE

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

XXX

e) 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 (P500.00) nor more than Three hundred thousand pesos (P300,000.00) depending on the gravity of the offense, and an additional fine of not more than One thousand pesos (P1,000.00) or each day of continuing violation.

**However, DAO 6:2007 limited the administrative fine from Five hundred pesos (P500.00) to Fifty thousand pesos (P50,000.00)**



# Economic Impact

## 2) RA 7581 as amended by RA 10623 (Price Act)

- An Act providing protection to consumers by stabilizing the prices of basic necessities and prime commodities and by prescribing measures against undue price increases during emergency situations and like occasions.
- Implementing agencies (IAs)
  - Department of Trade and Industry (DTI)
  - Department of Agriculture (DA)
  - Department of Health( DOH)
  - Department of Environment and Natural Resources (DENR)
  - Department of Energy (DOE)
- Mandates IAs to issue Suggested Retail Prices (SRPs) of basic necessities and prime commodities whenever necessary

## PENALTIES (PRICE MANIPULATION/VIOLATION OF SRP)

### CRIMINAL

#### Section 15- Penalties for Acts of Illegal Price Manipulation

Any person who commits any act of illegal price manipulation of any basic necessity or prime commodity under Section 5 hereof shall suffer the penalty of imprisonment of not less than **five (5) years nor more than fifteen (15) years** and fine of **not less than Five Thousand pesos (P5,000.00) nor more than Two Million Pesos (P2,000,000.00)**

### ADMINISTRATIVE

JAO 1 Series of 1993 – Implementing Rules and Regulations of the Price Act

RULE XII, Section 1. *Administrative Action*

xxx

(i) Administrative fine of not less than **One Thousand pesos (P1,000.00) nor more than One Million Pesos (P1,000,000.00)**

# Economic Impact

## 3) Lemon Law (RA 10642)

- An Act Strengthening Consumer Protection in the Purchase of Brand New Motor Vehicles
- Implementing agency: DTI
- Covers brand new motor vehicles that are to be in nonconformity with the standards or specifications of the vehicle's manufacturer or distributor
- Provides remedies through Mediation, Arbitration, Adjudication
- **REPAIR, REPLACE, REFUND**



## **DISCLOSURE REQUIREMENT (RA 10642)**

**Section 10. *Disclosure on Resale.*** – Should the returned motor vehicle be made available for resale, the manufacturer, distributor, authorized dealer or retailer shall, prior to sale or transfer, disclose in writing to the next purchaser of the same vehicle the following information:

- (a) The motor vehicle was returned to the manufacturer, distributor, authorized dealer or retailer;**
- (b) The nature of the nonconformity which caused the return; and**
- (c) The condition of the motor vehicle at the time of the transfer to the manufacturer, distributor, authorized dealer or retailer.**

The responsibility of the manufacturer, distributor, authorized dealer or retailer under this section shall cease upon the sale of the affected motor vehicle to the first purchaser.

# PENALTIES (SECTION 11)

The manufacturer, distributor, authorized dealer or retailer adjudged to have **violated the provisions requiring disclosure** as mentioned in the preceding section shall be liable to pay a minimum amount of **One hundred thousand pesos (P100,000.00)** as damages to the aggrieved party without prejudice to any civil or criminal liability they and/or the responsible officer may incur under existing laws.

# Economic Impact

## 5) Toy and Game Safety Labelling Act of 2013 (RA10620)

- An Act Providing for Toy and Game Safety Labelling, Appropriating Funds Therefor
- Implementing Agencies: DOH and DTI
- Provides for the labelling requirements of toys and games
- Treatment on Misbranded or Banned Hazardous Substance

# PENALTIES

## CRIMINAL (RA10620)

Section 10. Penalties – Any person who shall violate any of this Act shall be subject to a fine of not less than **Ten thousand pesos (P10,000.00)** but not more than **Fifty thousand pesos (P50,000.00)** or imprisonment of not less than **three (3) months** but not more than **two (2) years**, or **both**, at the discretion of the court.

## ADMINISTRATIVE (RA 7394)

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

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e) 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 (P500.00)** nor more than **Three hundred thousand pesos (P300,000.00)** depending on the gravity of the offense, and an additional fine of not more than **One thousand pesos (P1,000.00)** or each day of continuing violation.

# Environmental Impact

## 1) DTI Department Administrative Order No.17-08 S. 2017

- Implementing Guidelines on the Grant of Bagwis Award to Business Establishments that Uphold Consumers' Rights and Interest, and Practice Business Ethics
- Promotes the implementation of green measures among business establishments as one of the parameter measures used in the assessment of Bagwis-awardees



# OTHER PENALTIES FOR THE VIOLATIONS OF THE CONSUMER ACT

## ADMINISTRATIVE PENALTIES (ART. 164)

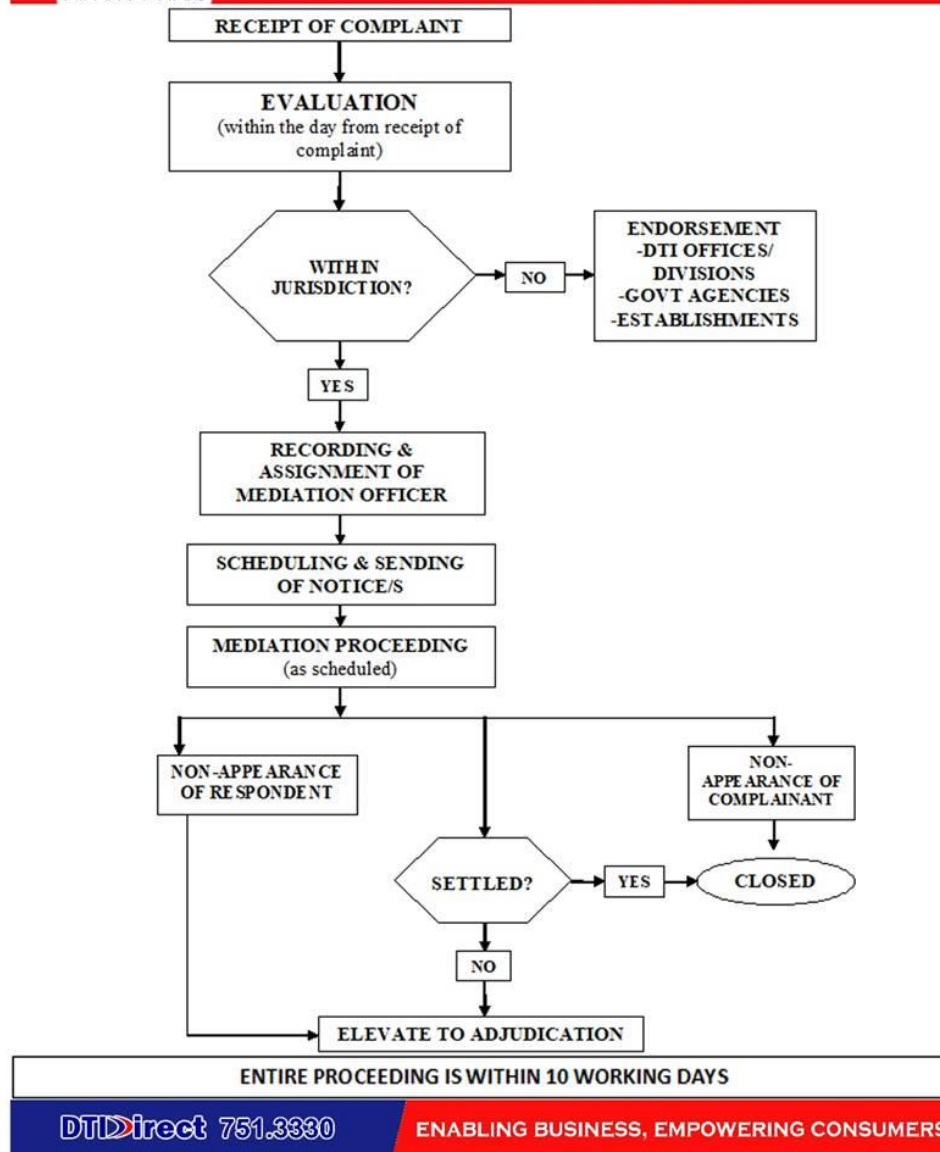
- a) Issuance of a cease and desist order
  
- b) Restitution or rescission of the contract without damages;
  
- d) Condemnation and seizure of the consumer product found to be hazardous to health and safety unless the respondent files a bond to answer for any damage or injury that may arise from the product

# JURISDICTION

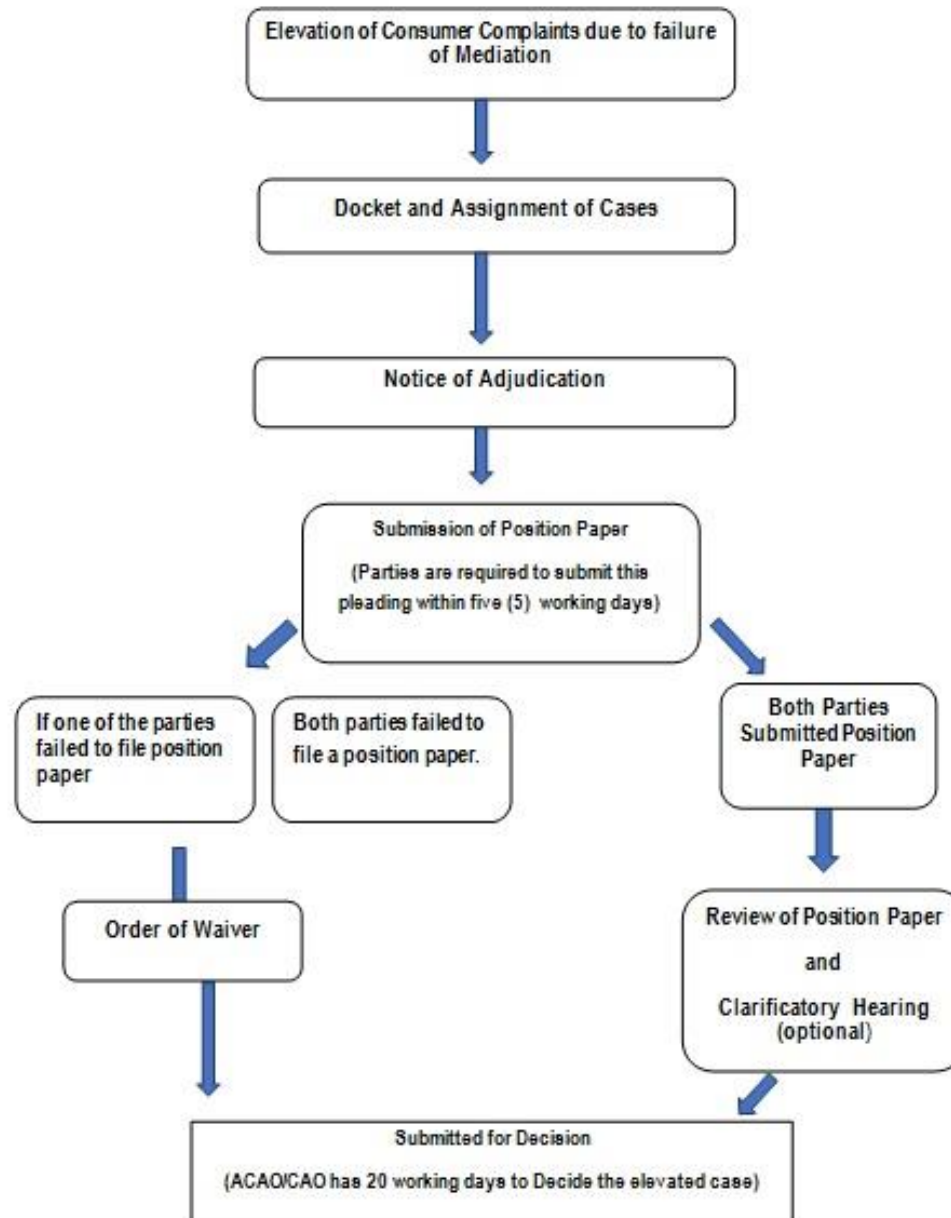
Specific Concern	Agency Concerned
Telephone rates, cellphones, TV and radio broadcast	National Telecommunications Commission (NTC)
Adulterated livestock feeds, vaccines, pharmaceuticals and biologics	Bureau of Animal Industry (BAI) - Animal Feed Standard Division and Laboratory Services
Pet animals	Bureau of Animal Industry (BAI) - Animal Health Division
Fertilizer and pesticide	Department of Agriculture (DA) - Fertilizer and Pesticide Authority (FPA)
Rice	National Food Authority (NFA)
Processed and unprocessed meat and dressed chicken	National Meat Inspection Service (NMIS)
Fruits and Vegetables	Bureau of Plant and Industry (BPI)
Banks, non-bank financial institutions, pawnshops, and credit cards	Bangko Sentral ng Pilipinas (BSP)
Prices of coconut oil, husked nuts, and fresh young coconuts	Philippine Coconut Authority (PCA)
Quality standards of coconut-based products	
Sugar quality and price	Sugar Regulatory Administration (SRA)
Quality/price of the liquefied petroleum gas (LPG) and liquid fuels	Oil Industry Management Bureau (OIMB)

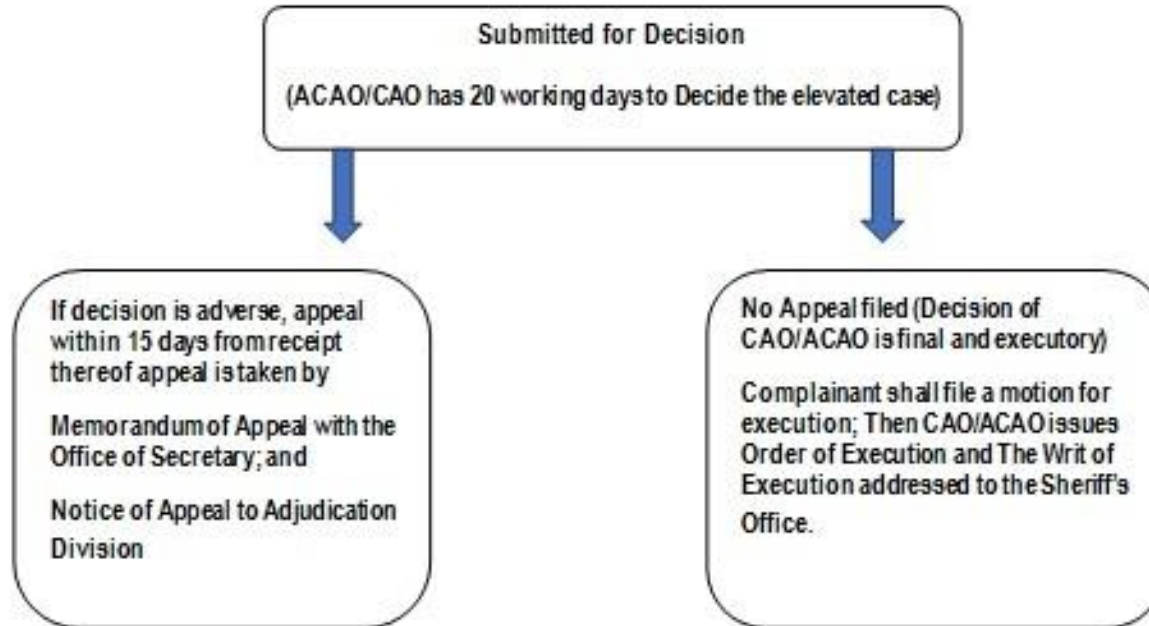
Electricity	Energy Power Industry Management Bureau (EPIMB)/Department of Energy-Consumer Welfare and Promotion Office (DOE-CWPO)/Energy Regulatory Commission (ERC)
Forest and forest-based products	Department of Environment and Natural Resources (DENR)
Ozone-depleting substances	Department of Environment and Natural Resources (DENR)
Life and non-life insurance claim, pre-need plans such as educational, pension and memorial	Insurance Commission (IC)
Mutual funds (investment); financing/lending; listed companies, registered issuers of securities (time sharing)	Securities and Exchange Commission (SEC) - Corporation Finance Department
Claim for insured deposit; follow-up status of claim for insured deposit; queries on deposit insurance coverage, other bank related issues/concerns i.e. unserviced withdrawals, ATM problems, etc.	Philippine Deposit Insurance Corp. (PDIC)
<b>Manufactured products</b>	<b>Department of Trade and Industry (DTI)</b>
Hospitals and doctor's services, processed foods, drugs, cosmetics, and medical services or household products with hazardous substances	Department of Health (DOH), Center for Health Development Metro Manila, and Food and Drug Administration (FDA)
Fish and fishery products	Bureau of Fisheries and Aquatic Resources (BFAR)
Food in restaurants, eateries and sidewalk vendors as well as on regulation of practice relative to weights and measures	City Health Office of the concerned Local Government Units (LGUs)





# CONSUMER COMPLAINT





**NOTE :**

**DTI - FTEB - Adjudication Division is performing quasi-judicial function which excludes it from the coverage of Anti-Red Tape Act of 2007.**

# Thank you.

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