EIGHTEENTH CONGRESS OF THE  
REPUBLIC OF THE PHILIPPINES  
First Regular Session  

HOUSE OF REPRESENTATIVES  
H. B. No. 4536  

Introduced by Rep. Vilma Santos-Recto  
6th District of Batangas  

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

EXPLANATORY NOTE  

This bill seeks to amend Republic Act (R.A.) No. 7394 otherwise known as the  
“Consumer Act of the Philippines.”  

Among the new provisions is the eight (8) Consumer Bill of Rights namely, the right  
to: basic needs, choose products, representation, redress, consumer education, safety, healthy  
environment, and sanitation. These rights have been endorsed by the United Nations through  
the United Nations Guidelines for Consumer Protection. Corollary to the consumer rights is  
the provision of five (5) consumer responsibilities to wit: critical awareness, action, social  
concern, environmental awareness, and solidarity.  

The bill also provides a new Article mandating the English or Filipino translation of  
product labels written in foreign characters or languages. This will allow better  
understanding of the contents, features and uses of imported products for consumer  
protection against unsafe products. A new provision permanently banning suppliers who  
engaged in the importation of defective goods has also been included.  

The coverage of the provisions on advertising and promotion has been expanded to  
include those for consumer products, services and credit facilities which include sponsorships  
of programs, concerts, games, shows and similar activities.
A new Article also protects consumers from aggressive marketing promotions that significantly impair the average consumer’s freedom of choice with regard to the purchase of a product or service.

The chapter on Advertising and Sales Promotion is further strengthened with the addition of advertising general principles and a specific guideline in the presentation of advertisements. Hence, among others, the bill provides instructions on how advertisements should treat specific claims on ingredients, results of researches and surveys, scientific claims, testimonials and endorsements, and leadership claims.

The bill increases the penalties for violations of any provision of the Consumer Act of the Philippines. It sets a uniform penalty to be imposed on any violations and lengthen the period of prescription for claims relative to deceptive or unfair and unconscionable practice from two (2) to three (3) years.

Further amendments to R.A. No. 7394 include the definition of terms in accordance with new technologies and trade practices. Notable of these new definitions is the one for “Mass Media” which now includes the internet, mobile phones, and similar electronic devices.

The chapter on Consumer Product Quality and Safety has also been amended by adding the grant of authority for the automatic closing down of any establishments caught in flagrante delicto selling, distributing, manufacturing, producing, or importing substandard and hazardous products.

The above cited amendments are intended to enhance consumer protection and to promote high ethical standards in trade practices. Hence, the passage of this bill is earnestly sought.

VILMA SANTOS-RECTO
AN ACT
GRANTING BROADER PROTECTION TO 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 House of Representatives of the Philippines in Congress assembled:

Section 1. Short Title. – This Act shall be known as “The Enhanced Consumer Act”.

Sec. 2. Republic Act (R.A.) No. 7394, otherwise known as the “Consumer Act of the Philippines” is hereby amended by inserting a new Article 3 under Title I General Provisions to read as follows:

“ART. 3. THE EIGHT (8) CONSUMER BILL OF RIGHTS. – THE GOVERNMENT, IN MAINTAINING AND STRENGTHENING THE PROMOTION OF CONSUMER INTEREST AND WELFARE IN RELATION TO THE BUSINESS AND INDUSTRY PRACTICE AS WELL AS THE PRODUCTION AND DISTRIBUTION OF CONSUMER PRODUCTS, SHALL ADOPT MEASURES AND FORMULATE POLICIES TAKING INTO ACCOUNT THE EIGHT (8) BASIC CONSUMER RIGHTS. THE CONSUMERS SHALL BE ENTITLED TO:

A) RIGHT TO BASIC NEEDS – THE GUARANTEED SURVIVAL AND, THUS, BE PROVIDED WITH ADEQUATE FOOD, CLOTHING, SHELTER, HEALTH CARE, EDUCATION AND SANITATION;
B) RIGHT TO CHOOSE – THE CHOICE OF PRODUCTS AT COMPETITIVE PRICES WITH ASSURED
Satisfactory quality in accordance with government standards;
C) Right to representation – the consideration of consumer interests in the formulation and execution of government policies;
D) Right to redress – claim commensurate compensation for misrepresentation, substandard, defective goods or unsatisfactory services;
E) Right to consumer education – acquisition of knowledge and skills necessary to make an informed choice;
F) Right to safety – the protection against the marketing of goods or provision of services that are hazardous to health and life;
G) Right to a healthy environment – live and work in an environment which permits a life of dignity and well-being and which is neither threatening nor dangerous; and
H) Right to information – protection against dishonest or misleading advertising or labeling and be given the product facts and information needed to make an informed choice."

Sec. 3. R. A. No. 7394, is hereby amended by inserting a new Article 4 under Title I General Provisions to read as follows:

"ART. 4. The five (5) consumer responsibilities. – In connection with the entitlement of the basic rights stated in the preceding section, the consumer shall exercise the following responsibilities:
A) CRITICAL AWARENESS – BE MORE ALERT AND
QUESTIONING ABOUT THE USES, THE PRICE AND
QUALITY OF GOODS AND SERVICES PURCHASED;
B) CONSUMER ACTION - ASSERT AND ACT TO ENSURE
THAT HIS RIGHTS ARE PROTECTED AND THAT HE IS NOT
EXPLOITED;
C) SOCIAL CONCERN – BE MORE AWARE OF THE
IMPACT OF HIS CONSUMPTION ON OTHER CITIZENS,
ESPECIALLY THE DISADVANTAGED OR POWERLESS
GROUPS, WHETHER IN THE LOCAL, NATIONAL, OR
INTERNATIONAL COMMUNITY;
D) ENVIRONMENTAL AWARENESS – UNDERSTAND
THE ENVIRONMENTAL CONSEQUENCES OF HIS
CONSUMPTION. HE SHOULD RECOGNIZE INDIVIDUAL
AND SOCIAL RESPONSIBILITY TO CONSERVE NATURAL
RESOURCES AND PROTECT THE EARTH FOR FUTURE
GENERATIONS; AND
E) SOLIDARITY – ORGANIZE CONSUMER GROUPS TO
DEVELOP THEIR STRENGTH AND INFLUENCE TO
PROMOTE AND PROTECT CONSUMER INTERESTS.”

Sec. 4. Article 4, Title I – General Provisions of R. A. No. 7394, is hereby amended
and renumbered to read as follows:

“Art. [4]6. Definition of Terms. – For purposes of this Act, the term:

“a) x x x
“x x x

"n) Consumer - shall refer to a natural person who is a purchaser,
lessee, recipient or prospective purchaser, lessor or recipient of
consumer products, services, credit, TECHNOLOGY,
ADVERTISING OR PROMOTION, AND OTHER ITEMS [IN]
OF COMMERCE.

“x x x

“q) Consumer products and services - shall refer to goods, services
and credits, debts or obligations, SERVICES which are primarily for
personal, family, household or agricultural purposes, which shall
include but not limited to food, drugs, cosmetics, and devices,
PRODUCT, MERCHANDISE, GOODS, CREDIT,
technology and other transactions or
matters intended to be covered by this act.

"x x x

"u) Cosmetics - shall refer to [(1) articles intended to be rubbed,
poured, sprinkled, or sprayed on, introduced into or otherwise applied
to the human body or any part thereof for cleansing, beautifying,
promoting attractiveness, or altering the appearance, and (2) article
intended for uses as a component of any such article except that such
term shall not include soap.] ANY SUBSTANCE OR
preparation intended to be applied on the
various external parts of the human body
including the teeth and the mucous membranes
of the oral cavity for the purpose exclusively
or mainly for cleaning, perfuming, changing
appearance, correcting body odors, or
maintaining in healthy condition."

"x x x

"w) Credit card - shall refer to any card, plate, coupon book or other
credit single device existing for the purpose of being used
from time to time upon presentation to obtain[ing]
money, property, labor or services on credit.

"x x x

"aj) Guarantee - shall refer to an expressed or implied assurance of
the real quality, price, promotion of the consumer products
and services offered for sale or length of satisfactory use, costs or
other similar claims to be expected from such
consumer products or services based on applicable
and actual documents in accordance with the
law, morals, good faith and public policy."

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

“x x x

“bm)  *Sales Promotion* - shall refer to techniques intended for broad consumer participation which contain promises of gain such as prizes, in cash or in kind, OR AN OPPORTUNITY TO WIN ANY PRIZES OR FREE SERVICES, OR GIFT, OR ANY SIMILAR SCHEME, as reward for TRANSACTING FOR, RECEIVING, OR purchasing [the purchase of] a product, security, service or winning in contest, game, tournament and other similar competitions OR CHALLENGES which involve determination of winner/s and which utilize mass media or other widespread media of information such as INFORMATION AND COMMUNICATIONS TECHNOLOGY. It also means techniques purely intended to increase the sales, patronage and/or goodwill of [a—product], TRANSACTION FOR, PURCHASING, OR RECEIVING OF, CONSUMER PRODUCTS AND SERVICES.

“x x x

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

“x x x

“br)  *Standard* - shall refer to a set of conditions to be fulfilled to ensure the quality and safety of a product AND SERVICE;

“x x x.”
Sec. 5. Article 6, Chapter I – Consumer Product Quality and Safety of R. A. No. 7394 is hereby amended to read as follows:

"Art. [6] 8. Implementing Agencies. – The provisions of this Act and its implementing rules and regulations shall be enforced by:

a) the Department of Health with respect to PROCESSED food, drugs, cosmetics, devices and HAZARDOUS substances;
b) the Department of Agriculture with respect to products related to agriculture AND FISHERIES; and
c) the Department of Trade and Industry with respect to other consumer products not specified above."

SEC. 6. Article 8, Chapter I – Consumer Product Quality and Safety of R. A. No. 7394 is hereby amended to read as follows:

"Art. [8]10. Publication of Consumer Product Standards. – The department concerned shall, upon promulgation of the above standards, publish or cause the publication of the same EITHER in a newspaper of general circulation, OR in the OFFICIAL GAZETTE, AND IN THE DEPARTMENT'S OR AGENCY'S OFFICIAL WEB PORTAL. It may likewise conduct an information campaign through other means deemed effective to ensure the proper guidance of consumers, businesses, industries and other sectors concerned."

Sec. 7. Article 10, Chapter I – Consumer Product Quality and Safety of R. A. No. 7394 is hereby amended to read as follows:

"Art. [10]12. Injurious, Dangerous and Unsafe Products. - Whenever the departments find, by their own initiative or by petition of a consumer, that a consumer product is found to be injurious, unsafe or dangerous, it shall, after due notice and hearing, make the appropriate order for its recall, prohibition or seizure from public sale or distribution: Provided, That, in the sound discretion of the department it may declare a consumer product to be imminently injurious, unsafe or dangerous, and order its immediate recall, ban or seizure from public sale or distribution, in which case, the seller, distributor, manufacturer or producer thereof shall be afforded a hearing within forty-eight (48) hours from such order: PROVIDED, FURTHER, THAT ANY ESTABLISHMENT CAUGHT IN FLAGRANTE DELICTO SELLING, DISTRIBUTING, MANUFACTURING, PRODUCING, OR
IMPORTING PREVIOUSLY DECLARED SUBSTANDARD AND
HAZARDOUS PRODUCTS SHALL BE AUTOMATICALLY CLOSED
AND SHUT DOWN.”

“x x x.”

7394 is hereby amended to read as follows:

Unsafe or Dangerous Character of a Consumer Product. – Any interested
person may petition the appropriate department to commence a proceeding for
the issuance of an amendment or revocation of a consumer product safety rule
or an order declaring a consumer product injurious, dangerous and unsafe.
In case the department, upon petition by an interested party or its own
initiative and after due notice and hearing, determines a consumer product to
be substandard or materially defective, it shall so notify the manufacturer,
distributor or seller thereof of such finding and order such manufacturer,
distributor or seller to WITHOUT DELAY:

a) give notice to the public of the defect or failure to comply with
the product safety standards;
b) give notice to each distributor or seller of such product; and
c) WHEN POSSIBLE, GIVE NOTICE TO EVERY PERSON
TO WHOM SUCH CONSUMER PRODUCT WAS DELIVERED
OR SOLD.

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

“x x x.”

Sec. 9. R. A. No. 7394 is hereby amended by inserting a new Article 14 under
Chapter I – Consumer Product Quality and Safety to read as follows:

“ART. 14. PHYSICAL SAFETY. –MANUFACTURERS OR
DISTRIBUTORS SHOULD ENSURE THAT AS SOON AS THEY
BECOME AWARE OF UNFORESEEN HAZARDS AFTER
PRODUCTS ARE PLACED ON THE MARKET, THEY SHOULD
NOTIFY THE GOVERNMENT AUTHORITIES CONCERNED AND,
AS APPROPRIATE, INFORM THE PUBLIC WITHOUT DELAY. THE
GOVERNMENT SHOULD ALSO ESTABLISH MECHANISMS FOR
ENSURING THAT CONSUMERS ARE PROPERLY INFORMED OF
SUCH HAZARDS."

Sec. 10. Article 52, Chapter I – Deceptive, Unfair, and Unconscionable Sales Acts or
Practices, Title III of R. A. No. 7394 is hereby amended to read as follows:

"Art. [52] 55. Unfair or Unconscionable Sales Act or Practice. “x x x
In determining whether an act or practice is unfair and unconscionable, the
following circumstances shall be considered:

“a) x x x
“x x x
“d) that the transaction that the seller or supplier induced the consumer
to enter into was excessively one-sided in favor of the seller or supplier
SUCH AS BUT NOT LIMITED TO:

I. THAT WHEN THE CONSUMER TRANSACTION
WAS ENTERED INTO, THE SELLER OR
SUPPLIER IMPOSED UPON THE CONSUMER
TERMS AND CONDITIONS GROSSLY
DISADVANTAGEOUS TO THE LATTER WHO IS
REDUCED TO THE ALTERNATIVE OF
ACCEPTING THE CONTRACT OR LEAVING IT,
COMPLETELY DEPRIVED OF THE
OPPORTUNITY TO BARGAIN ON EQUAL
FOOTING; AND

II. THE SELLER OR SUPPLIER EMPLOYS AN
AGGRESSIVE MARKETING PRACTICE THAT
SIGNIFICANTLY CONSTRAINS OR IMPAIRS
OR IS LIKELY TO SIGNIFICANTLY
CONSTRAIN OR IMPAIR THE AVERAGE
CONSUMER'S FREEDOM OF CHOICE OR
CONDUCT WITH REGARD TO THE PURCHASE
OF A PRODUCT OR SERVICE THAT CAUSES
THE CONSUMER OR IS LIKELY TO CAUSE
THE CONSUMER TO ENTER INTO A
TRANSACTION DIFFERENT FROM THE ONE
THE CONSUMER WOULD HAVE INTENDED,
OR THE CONSUMER WOULD NOT HAVE
DONE WITHOUT THE MARKETING
PRACTICE.”

Sec. 11. Article 81, Chapter IV - Labeling and Fair Packaging, Title III of R. A. No.
7394 is hereby amended to read as follows:

“Art. [84]84. Price Tag Requirement. — It shall be unlawful to offer any
consumer product OR SERVICE for retail sale to the public without an
appropriate price tag, label, or marking, OR WITH MORE THAN ONE
PRICE, OR DIFFERENT PRICE TAGS, LABELS, OR MARKINGS
publicly displayed to indicate of each article and said products shall not be
sold at a price higher than that stated therein and without discrimination to all
buyers: PROVIDED, THAT IT SHALL BE UNLAWFUL FOR ANY
RETAILER TO CHARGE THE CUSTOMERS MORE THAN THE
ACTUAL CASH RETAIL PRICE OF THE GOODS OR SERVICES
PURCHASED WHEN SUCH PURCHASE IS DONE WITH THE USE
OF CREDIT CARD AND/OR TO LIMIT BARGAIN SALE ITEMS AND
SERVICES TO CASH PURCHASES: Provided, further, That lumber sold,
displayed or offered for sale to the public shall be tagged or labeled by
indicating thereon the price and the corresponding official name of the wood:
PROVIDED, FINALLY, That if consumer products for sale are too small or the
nature of which makes it impractical to place a price tag thereon price list
placed at the nearest point where the products are displayed indicating the
retail price of the same may suffice.”

Sec. 12. R. A. No. 7394 is hereby amended by inserting a new Article 87 under
Chapter IV Labeling and Fair Packaging, Title III to read as follows:

“ART. 87. ENGLISH OR FILIPINO TRANSLATIONS OF PRODUCT
LABELS WRITTEN IN FOREIGN CHARACTERS OR LANGUAGES. —
CONSUMER PRODUCTS WITH PRODUCT LABELS WRITTEN IN
FOREIGN CHARACTERS OR LANGUAGE SHALL BE ALLOWED
ENTRY INTO THE COUNTRY AND INTRODUCED INTO
COMMERCE ONLY IF THEY HAVE A CORRESPONDING
ENGLISH OR FILIPINO TRANSLATION TO ENABLE THE
AUTHORITIES TO DETERMINE WHETHER THE PRODUCT HAS
COMPLIED WITH ALL THE OTHER LABELING REQUIREMENTS
AS WELL AS PROVIDE THE CONSUMERS PROPER GUIDANCE
ON THE CONTENTS AND ORIGIN OF THE PRODUCT."

Sec. 13. R. A. No. 7394 is hereby amended by inserting a new Article 88 under
Chapter IV Labeling and Fair Packaging to read as follows:

"ART. 88. OFFICIAL SOURCES OF INFORMATION FOR IMPORTED
CONSUMER PRODUCTS. – IMPORT DATA FROM THE BUREAU OF
CUSTOMS AND BUREAU OF IMPORT SERVICES SHALL BE
RECOGNIZED AS OFFICIAL SOURCES OF INFORMATION TO
VALIDATE THE FOLLOWING INFORMATION RELATIVE TO A
PARTICULAR IMPORTED CONSUMER PRODUCT:

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

Sec. 14. R. A. No. 7394 is hereby amended by inserting a new Article 115 under
Chapter VI – Advertising and Sales Promotion, Title III to read as follows:

"ART. 115. COVERAGE OF ADVERTISING AND SALES PROMOTION.
– THE PROVISIONS ON ADVERTISING AND SALES PROMOTION
SHALL APPLY TO ADVERTISING AND PROMOTION OF
CONSUMER PRODUCTS, SERVICES AND CREDIT FACILITIES,
WHICH INCLUDE SPONSORSHIPS OF PROGRAMS, CONCERTS,
GAMES, SHOWS AND SIMILAR ACTIVITIES: PROVIDED, THAT
WITH RESPECT TO FOOD, DRUGS, DEVICES, COSMETICS AND
HAZARDOUS SUBSTANCES AND AGRICULTURAL PRODUCTS,
The same shall be under the jurisdiction of the
DEPARTMENTS CONCERNED."

Sec. 15. R. A. No. 7394 is hereby amended by inserting a new Article 116 under
Chapter VI – Advertising and Sales Promotion, Title III to read as follows:
“ART. 116. COVERAGE. – THESE PROVISIONS SHALL APPLY TO
THE PHILIPPINE ADVERTISING COMMUNITY WHICH
INCLUDES ADVERTISERS, ADVERTISING AGENCIES, MEDIA
AND ADVERTISING SUPPORT GROUPS BUT SHALL NOT APPLY
TO THE FOLLOWING:
1. PUBLIC SERVICE AND EMERGENCY ANNOUNCEMENTS OF
   UTILITY COMPANIES;
2. RELIGIOUS, POLITICAL AND PUBLIC ISSUE
   ADVERTISEMENTS AND ANNOUNCEMENTS, EXCEPT
   WHERE THESE INVOLVE OR SEEK TO PROMOTE
   COMMERCIAL TRANSACTIONS; AND
3. STANDARD TRANSPORT ANNOUNCEMENTS, CLASSIFIED
   ADVERTISEMENTS AND OBITUARIES.”
Sec. 16. R. A. No. 7394 is hereby amended by inserting a new Article 117 under
Chapter VI—Advertising and Sales Promotion, Title III to read as follows:

“ART. 117. ADVERTISING GENERAL PRINCIPLES. –
ADVERTISEMENTS SHALL BE GUIDED BY THE FOLLOWING
PRINCIPLES:
1. ADVERTISING MUST PROVIDE THE GENERAL PUBLIC
   WITH RELEVANT AND TRUTHFUL INFORMATION ON
   PRODUCTS AND SERVICES, THEREBY HELPING
   CONSUMERS MAKE INFORMED CHOICES; AND
2. THE ADVERTISING INDUSTRY SHOULD CONTINUE TO
   IMPROVE THE LEVELS AND STANDARDS OF
   ADVERTISING.”
Sec. 17. R. A. No. 7394 is hereby amended by inserting a new Article 118 under
Chapter VI—Advertising and Sales Promotion, Title III to read as follows:

“ART. 118. PRESENTATION OF ADVERTISEMENTS. – (1) CLAIMS
OF PRODUCTS AND SERVICE FEATURES OR THEIR INTENDED
USAGE SHOULD BE CLEARLY PRESENTED AND SHOULD NOT
MISLEAD OR BE LIKELY TO MISLEAD THE PERSONS TO WHOM
THEY ARE ADDRESSED BY INACCURACY, AMBIGUITY,
EXAGGERATION OR OMISSION;
(2) ANY TEST OR DEMONSTRATION MAY BE USED ONLY IF IT
DIRECTLY PROVES THE CLAIMED PRODUCT OR SERVICE
FEATURE OR CHARACTERISTICS AND SHOULD BE PRESENTED
CLEARLY AND ACCURATELY.

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

Sec. 18. Article 110, Chapter VI –Advertising and Sales Promotion, Title III of R. A.
No. 7394 is hereby amended to read as follows:

"Art. [440] 119. False, Deceptive or Misleading Advertisement. – It shall be
unlawful for any person to disseminate or to cause the dissemination of any
false, deceptive or misleading advertisement by Philippine mail or in
commerce by print, radio, television, outdoor advertisement, INTERNET,
MOBILE PHONE, or other medium for the purpose of inducing or which is
likely to induce directly or indirectly the purchase of consumer products or
services."

"x x x."

Sec. 19. R. A. No. 7394 is hereby amended by inserting a new Article 120 under
Chapter VI –Advertising and Sales Promotion, Title III to read as follows:

"ART. 120. SPECIFIC CLAIMS. – (1) INGREDIENT ADVERTISING –
(A) ADVERTISEMENTS SHOULD NOT CONTAIN ANY
REFERENCE WHICH COULD LEAD THE PUBLIC TO ASSUME
THAT A PRODUCT CONTAINS A SPECIFIC INGREDIENT UNLESS
THE INGREDIENT'S QUANTITIES AND PROPERTIES AS WELL AS
THE MATERIAL BENEFIT THAT RESULTS FROM ITS INCLUSION
IN THE PRODUCT FORMULATION HAVE BEEN TECHNICALLY
SUBSTANTIATED; AND (B) ADVERTISEMENTS SHOULD NOT

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IMPLY THAT A CERTAIN BENEFIT IS DUE TO A SPECIFIC
INGREDIENT UNLESS A VERIFIABLE CAUSE AND EFFECT
RELATIONSHIP EXISTS.

(2) PROFESSIONAL DATE REFERENCES – ADVERTISEMENTS
USING THE RESULTS OF A BONA FIDE RESEARCH, SURVEYS,
OR TEST RELATING TO A PRODUCT SHOULD NOT BE
PRESENTED INACCURATELY OR IN A MISLEADING MANNER,
NOR SHOULD IT CLAIM ANY IMPLICATIONS BEYOND WHAT IS
CLEARLY ESTABLISHED BY RESEARCH, SURVEY OR TEST.

(3) SCIENTIFIC CLAIMS – (A) VISUAL REPRESENTATIONS OF
LABORATORY SETTINGS MAY ONLY BE EMPLOYED PROVIDED
THE RESEARCH WAS CONDUCTED IN THE LABORATORY; AND
(B) IN CASE OF REFERENCES TO TESTS BY PROFESSIONALS OR
INSTITUTIONS INCLUDING BUT NOT LIMITED TO DOCTORS,
ENGINEERS, AND RESEARCH FOUNDATIONS, THE
DOCUMENTED AND AUTHORITATIVE EVIDENCE SHOULD BE
SUBMITTED TO SUBSTANTIATE SUCH TESTS AND CLAIMS
BASED THEREON.

(4) NUMBER ONE OR LEADERSHIP CLAIM – (A) NO “NUMBER 1”
CLAIM WITH RESPECT TO ANY PRODUCT OR SERVICE SHALL
BE ALLOWED UNLESS IT IS CLEARLY DELINEATED AND
QUALIFIED AS TO RENDER THE CLAIM OBJECTIVELY
VERIFIABLE. THE CLAIM SHOULD, IN ANY CASE, BE
SUBSTANTIATED.

(5) TESTIMONIALS – (A) TESTIMONIAL CLAIMS RELATING TO
THE PRODUCT BEING ADVERTISED SHOULD BE GENUINE AND
TRUTHFUL;
(B) INDIVIDUALS ENDORSING A PRODUCT OR SERVICE IN
COMMUNICATION MATERIALS AND WHO IS PRESENTED AS AN
EXPERT MUST HAVE DEMONSTRABLE CREDENTIALS TO
SUBSTANTIATE THE CLAIMED EXPERTISE. THE
ENDORSEMENT MUST BE SUPPORTED BY AN ACTUAL
EXERCISE OF EXPERTISE IN EVALUATING THE PRODUCT OR
SERVICE CHARACTERISTICS. SUCH EVALUATION MUST BE
RELEVANT AND AVAILABLE TO AN ORDINARY CONSUMER'S USE OF THE PRODUCT; AND
(C) ENDORSEMENTS BY AN ORGANIZATION ARE CONSIDERED AS JUDGMENT BY A GROUP WHOSE COLLECTIVE EXPERIENCE OUTWEIGHS THAT OF AN INDIVIDUAL MEMBER. ADVERTISER MUST PROVIDE EVIDENCE THAT THE ORGANIZATION'S ENDORSEMENT WAS REACHED BY A PROCESS SUFFICIENT TO ENSURE THAT IT REFLECTS THE COLLECTIVE JUDGMENT OF THE ORGANIZATION. THE ORGANIZATION MAY BE CONSIDERED LEGITIMATE IF IT CAN PRESENT PROOF OF EXISTENCE FOR AT LEAST ONE (1) YEAR."

Sec. 20. R. A. No. 7394 is hereby amended by inserting a new Article 125 under Chapter VI – Advertising and Sales Promotion, Title III to read as follows:

"ART. 125. COVERAGE AND EXEMPTION OF THE SALES PROMOTION OF CONSUMER PRODUCTS AND SERVICES. (A) COVERAGE OF THE SALES PROMOTION OF CONSUMER PRODUCTS AND SERVICES. – THE PROVISIONS ON SALES PROMOTION OF THE CONSUMER PRODUCTS AND SERVICES SHALL APPLY TO ALL PROMOTIONAL CAMPAIGNS AND ANNOUNCEMENTS FOR CONSUMER PRODUCTS, SERVICES, CREDIT FACILITIES, AS WELL AS BEAUTY CONTESTS, NATIONWIDE IN CHARACTER.

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

(B) EXEMPTION OF THE SALES PROMOTION OF CONSUMER PRODUCTS AND SERVICES – THE PROVISIONS OF SALES PROMOTION OF CONSUMER PRODUCTS AND SERVICES SHALL NOT APPLY TO THE FOLLOWING PROMOTIONAL CAMPAIGNS OR ACTIVITIES:
(1) GOVERNMENT OR ANY OF ITS AGENCIES OR INSTITUTIONALITIES, WHEN THE SAME IS CONDUCTED IN THE EXERCISE OF THEIR GOVERNMENTAL FUNCTIONS;

(2) PRIVATE ENTITIES IN JOINT PROJECT/S WITH ANY GOVERNMENT AGENCY UNDER THE PRECEDING PARAGRAPH; AND.

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

Sec. 21. Article 116, Chapter VI – Advertising and Sales Promotion, Title III of R. A. No. 7394 is hereby amended to read as follows:

“ART. [446] 127. Permit to Conduct Promotion. — No person shall conduct any sales campaigns, including beauty contest, national in character, sponsored and promoted by PRODUCERS, RETAILERS, SELLERS, DISTRIBUTORS, SUPPLIERS, IMPORTERS, OR manufacturing enterprises without first securing a permit from the concerned department [at least thirty (30) calendar days] prior to the commencement thereof. Unless an objection or denial is received WITHIN 5 (FIVE) DAYS [fifteen (15)-days] from filing of the COMPLETE application, the same shall be deemed approved and the promotion campaign or activity may be conducted: Provided, that any sales promotion campaign using medical prescriptions or any part thereof or attachment thereto for raffles or a promise of reward shall not be allowed, nor a permit be issued thereof.”

Sec. 22. R. A. No. 7394 is hereby amended by inserting a new Article 128 under Chapter VI – Advertising and Sales Promotion, Title III, to read as follows:

“ART. 128. APPLICATION FOR PERMIT. - (A) THE APPLICATION FOR PERMIT SHALL BE IN THE FORM PRESCRIBED BY THE DEPARTMENT CONCERNED.
(B) **WHO MAY FILE THE APPLICATION FOR PERMIT** – THE PERSON WHOSE CONSUMER PRODUCTS, SERVICES, CREDIT FACILITIES, BEAUTY CONTESTS, COMPETITION, GAMES SHOWS AND THE LIKE ARE BEING PROMOTED MAY FILE THE APPLICATION FOR PERMIT.

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

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

Sec. 23. R. A. No. 7394 is hereby amended by inserting a new Article 129 under Chapter VI – Advertising and Sales Promotion, Title III, to read as follows:

**“ART. 129. PROHIBITED ACTS IN THE CONDUCT OF SALES PROMOTION.** – “THE FOLLOWING ACTS ARE PROHIBITED IN THE CONDUCT OF SALES PROMOTION CAMPAIGN:

(A) GAMBLING AND WAGERING SCHEMES;

(B) USE OF MEDICAL PRESCRIPTIONS; AND

(C) DIRECTLY OR INDIRECTLY TAMPERING WITH THE ENTRIES, PARAPHERNALIA AND/OR ELECTRONIC DEVICE IN A PROMOTIONAL CAMPAIGN/ACTIVITY COVERED BY THIS ACT OR UNDULY INFLUENCING THE
RESULTS THEREOF OR PERFORMING ANY ACT TO THE
PREJUDICE OF LEGITIMATE PARTICIPANTS OR
WINNERS."

Sec. 24. R. A. No. 7394 is hereby amended by inserting a new Article 130 under
Chapter VI – Advertising and Sales Promotion, Title III, to read as follows:

"ART. 130. VOLUNTARY CANCELLATION OF APPROVED
PROMOTIONAL CAMPAIGN/ACTIVITY.

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

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

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

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

17
(I) A FINAL JUDGMENT OF VOLUNTARY INSOLVENCY OR
BANKRUPTCY AGAINST THE PERSON WHO APPLIED;

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

Sec. 25. R. A. No. 7394 is hereby amended by inserting a new Article 131 under
Chapter VI – Advertising and Sales Promotion, Title III to read as follows:

“ART. 131. RULES ON MECHANICS. – ALL COVERED
PROMOTIONAL CAMPAIGNS AND ACTIVITIES SHALL ABIDE BY
OR COMPLY WITH THE RULES ON THE MECHANICS OF THE
PROMOTION SET FORTH IN THE IMPLEMENTING RULES AND
REGULATIONS OF THE AGENCY CONCERNED.”

Sec. 26. R. A. No. 7394 is hereby amended by inserting a new Article 136 under
Chapter VI – Advertising and Sales Promotion, Title III to read as follows:

“ART. 136. SELECTION OF PARTICIPANTS AND WINNERS. – THE
SELECTION OF PARTICIPANTS AND WINNERS OF A
PROMOTIONAL PROGRAM SHALL BE GUIDED BY THE
FOLLOWING:

(A) MODE OF SELECTION OF PROSPECTIVE
PARTICIPANTS/ENTRIES – PROSPECTIVE
PARTICIPANTS/ENTRIES ARE SELECTED IN A FAIR,
HONEST AND TRANSPARENT MANNER. THERE MUST BE
PROOF OF NOTICE OF SELECTION AND SUCH OTHER
RELEVANT INFORMATION TO THE SELECTED
PARTICIPANTS IN A MANNER EXPRESSLY PROVIDED FOR
IN THE MECHANICS.

(B) DETERMINATION OF WINNERS – DRAW DATE OR
DATES FOR THE SELECTION OF PARTICIPANTS OR
WINNERS TO A PROMOTIONAL CAMPAIGN OR ACTIVITY
SHALL NOT BE MORE THAN FOURTEEN (14) DAYS AFTER
THE DEADLINE OF THE SUBMISSION OF ENTRIES.
WINNERS MAY BE DETERMINED THROUGH THE USE OF
ANY TECHNIQUE NOT CONTRARY TO LAW, MORALS
AND PUBLIC POLICY PROVIDED THE SAME SHALL BE
CONDUCTED IN A FAIR, HONEST AND TRANSPARENT
MANNER.”

Sec. 27. R. A. No. 7394 is hereby amended by inserting a new Article 148 under Title
IV - Consumer Credit Transaction to read as follows:

“ART. 148. IMPLEMENTING AGENCY. – THE BANGKO SENTRAL
NG PILIPINAS SHALL STRICTLY ENFORCE THE PROVISION OF
THIS CHAPTER AND ITS IMPLEMENTING RULES AND
REGULATIONS EXCEPT THOSE WHICH FALL WITHIN THE
JURISDICTION OF THE SECURITIES AND EXCHANGE
COMMISSION.”

Sec. 28. Article 149, Chapter I - Establishment and Composition, Title V of R. A. No.
7394 is hereby amended to read as follows:

“Art. [149] 166. Composition. The Council shall be composed of
representatives from the following government agencies and non-government
agencies:

a) Department of Trade and Industry;
b) Department of Education, [Culture and Sports,]
c) Department of Health;
d) Department of Agriculture;
E) DEPARTMENT OF ENERGY;
F) BANGKO SENTRAL NG PILIPINAS;
G) [e] four (4) representatives from the consumer organizations of
nationwide base to be chosen by the President among [the] ITS
nominees [submitted by the various groups in the Philippines]; AND
H) [f] two (2) representatives from the business industry/sector to
be chosen by the President from among the nominees submitted by the
various business organizations.”

Sec. 29. Article 151, Chapter I - Establishment and Composition, Title V of R. A. No.
7394 is hereby amended to read as follows:
“Art. [454] 168. Per Diems of Members. — The members of the Council shall be entitled to an allowance of FIVE THOUSAND PESOS (P5,000.00) [five hundred pesos (P500.00)] per meeting actually attended but not more than TWENTY THOUSAND PESOS (P20,000.00) [two—thousand—pesos (P2,000.00)] a month.”

Sec. 30. Article 156, Chapter II - Powers and Functions, Title V, of R. A. No. 7394 is hereby amended to read as follows:

“Art. [456] 173 Consumer Participation. — The Departments shall establish procedures for RECOGNITION OF THE meaningful participation by consumers or consumer organizations in the development and review of department rules, policies, and programs. Such procedures shall include provisions for a forum, where consumers can express their concerns and recommendations to decision-makers. The departments shall exert efforts to inform consumers of pending proceedings where their participation is important.”

Sec. 31. Article 164, Chapter III - Consumer Complaints, Title V, of R. A. No. 7394 is hereby amended to read as follows:

“Art. [464] 181. Sanctions. — After investigation, any of the following administrative penalties may be imposed even if not prayed for in the complaint:

"a) x x x

"x x x

"E) AUTOMATIC CANCELLATION OF A BUSINESS NAME; [e] F) the imposition of administrative fines in such amount as deemed reasonable by the Secretary, which shall in no case be less than FIFTY THOUSAND PESOS (P50,000.00) [Five hundred pesos (P500.00)] nor more than ONE MILLION PESOS (P1,000,000.00) [Three hundred thousand pesos (P300,000.00)] depending on the gravity of the offense, and an additional fine of not [more] LESS than One thousand pesos (P1,000.00) FOR [or] each day of continuing violation.”

Sec. 32. R. A. No. 7394 is hereby amended by inserting a new Article 185 under Title VI - Transitory and Final Provisions to read as follows:
“ART. 185. CRIMINAL PENALTIES. – ANY PERSON WHO
VIOLATES ANY PROVISION OF THIS ACT SHALL, UPON
CONVICTION, BE SUBJECT TO A FINE OF NOT LESS THAN
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.”

Sec. 33. Article 169, Title VI - Transitory and Final Provisions of R. A. No. 7394 is
hereby amended to read as follows:

“Art. [469] 187. Prescription. — All actions or claims accruing under the
provisions of this Act and the rules and regulations issued pursuant thereto
shall prescribe within [two-(2)] THREE (3) years from the time the consumer
transaction was consummated or the deceptive or unfair and unconscionable
act or practice was committed and in case of hidden defects, from discovery
thereof.”

Sec. 34. Renumbering of Articles. Articles of R. A. No. 7394 are hereby renumbered
accordingly.

Sec 35. Implementing Rules and Regulations. – Within sixty (60) days from the
effectivity of this Act, the Council shall formulate the rules and regulations to effectively
implement the provisions of this Act.

Sec. 36. 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.

Sec. 37. Repealing Clause. – Any laws, presidential decrees or issuances, executive
orders, letters of instruction, rules or regulations inconsistent with the provisions of this Act
are hereby repealed or modified accordingly.

Sec. 38. Effectivity. – This Act shall take effect fifteen (15) days following its
complete publication in two (2) newspapers of general circulation or in the Official Gazette.

Approved,