



REPUBLIC OF THE PHILIPPINES  
**Senate**  
Pasay City

# Journal

**SESSION NO. 76**  
Tuesday, May 27, 2014

**SIXTEENTH CONGRESS**  
**FIRST REGULAR SESSION**

**SESSION NO. 76**  
Tuesday, May 27, 2014

**CALL TO ORDER**

At 3:20 p.m., the Senate President, Hon. Franklin M. Drilon, called the session to order.

**PRAYER**

Senate President Franklin M. Drilon led the prayer, to wit:

Loving and Gracious God, who so abundantly provides for our every need, we thank You for Your good gifts and blessings.

We ask that You continually bless us as we seek Your wisdom, guidance, courage and strength. Be with us in our deliberations and help us to be fair in the decisions we make for the good of all those who have placed their trust and confidence in us. Guide our hearts and our minds in the spirit of fairness, right thought and speech.

Amidst all the challenges confronting our institution, give us insight to lead with integrity that our decisions may exhibit what is right and good. Help us to make decisions that are for the good of all and guard us from blind self-interest. Dear Lord, grant us the humility to always seek Your will in all that we do and say.

All Glory be to You, loving God, now and always through Christ, forever and ever.

Amen.

**ROLL CALL**

Upon direction of the Chair, the Secretary of the Senate, Atty. Oscar G. Yabes, called the roll, to which the following senators responded:

Angara, S.	Honasan, G. B.
Aquino P. B. IV B.	Lapid, M. L. M.
Binay, M. L. N. S.	Legarda, L.
Cayetano, A. P. C. S.	Marcos Jr., F. R.
Cayetano, P. S.	Pimentel III, A. K.
Drilon, F. M.	Poe, G.
Ejercito, J. V. G.	Revilla Jr., R. B.
Enrile, J. P.	Sotto III, V. C.
Estrada, J.	Villar, C. A.

With 18 senators present, the Chair declared the presence of a quorum.

Senators Escudero, Osmeña, Recto and Trillanes arrived after the roll call.

Senator Defensor Santiago was on indefinite qualified medical leave as indicated in her letter dated May 14, 2014.

Senator Guingona was absent.

**APPROVAL OF THE JOURNAL**

Upon motion of Senator Cayetano (A), there being no objection, the Body dispensed with the reading of the Journal of Session No. 75 (May 26, 2014) and considered it approved.

ƒ

## **ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS**

At this juncture, Senator Cayetano (A) acknowledged the presence in the gallery of Mayor Stephanie Uy-Tan, ABC President Edward Uy and other local officials of Catbalogan, Samar.

Senate President Drilon welcomed the guests to the Senate.

## **REFERENCE OF BUSINESS**

The Secretary of the Senate read the following matters and the Chair made the corresponding referrals:

### **MESSAGE FROM THE HOUSE OF REPRESENTATIVES**

Letter from the House of Representatives, informing the Senate that on 21 May 2014, the House of Representatives adopted Section 2 of Senate Bill No. 1831 as an amendment to House Bill No. 4089, entitled

**AN ACT EXTENDING THE CORPORATE LIFE OF THE PHILIPPINE NATIONAL RAILWAYS FOR ANOTHER FIFTY (50) YEARS, FURTHER AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 4156, AS AMENDED, ENTITLED AN ACT CREATING THE PHILIPPINE NATIONAL RAILWAYS, PRESCRIBING ITS POWERS, FUNCTIONS AND DUTIES, AND PROVIDING FOR THE NECESSARY FUNDS FOR ITS OPERATION**

**To the Archives**

### **BILLS ON FIRST READING**

Senate Bill No. 2236, entitled

**AN ACT AUTHORIZING AND SUPPORTING THE CREATION OF CARDIOMYOPATHY EDUCATION, AWARENESS, AND RISK ASSESSMENT MATERIALS AND RESOURCES BY THE SECRETARY OF HEALTH AND THE DISSEMINATION OF SUCH**

**MATERIALS AND RESOURCES BY EDUCATION AGENCIES TO IDENTIFY MORE AT-RISK FAMILIES**

Introduced by Senator Defensor Santiago

**To the Committees on Health and Demography; Education, Arts and Culture; and Finance**

Senate Bill No. 2237, entitled

**AN ACT ESTABLISHING A NATIONAL MANGROVE REFORESTATION PROGRAM FOR COASTAL AREAS**

Introduced by Senator Defensor Santiago

**To the Committees on Environment and Natural Resources; and Finance**

Senate Bill No. 2238, entitled

**AN ACT REQUIRING INTERNET SERVICE PROVIDERS TO DELIVER A MINIMUM STANDARD FOR INTERNET CONNECTION SPEED**

Introduced by Senator Recto

**To the Committees on Public Services; and Science And Technology**

## **RESOLUTIONS**

Proposed Senate Resolution No. 660, entitled

**RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORT THAT DENTAL CLINICS AND SCHOOLS IN BAGUIO CITY EMIT HIGH CONCENTRATIONS OF MERCURY**

Introduced by Senator Defensor Santiago

**To the Committee on Health and Demography**

Proposed Senate Resolution No. 661, entitled

**RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT**

*P*

AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORT FROM AMNESTY INTERNATIONAL THAT TORTURE AND HUMAN RIGHTS VIOLATIONS IS A SERIOUS PROBLEM IN THE PHILIPPINES

Introduced by Senator Defensor Santiago

**To the Committee on Justice and Human Rights**

Proposed Senate Resolution No. 662, entitled

RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE NEED TO STRENGTHEN LAWS TO PREVENT AND MITIGATE THE OUTBREAK OF CHOLERA IN THE COUNTRY, CITING THE RECENT OUTBREAK IN NORTH COTABATO

Introduced by Senator Defensor Santiago

**To the Committee on Health and Demography**

Proposed Senate Resolution No. 663, entitled

RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED DYNAMITE FISHING IN BADO, ILOCOS NORTE AND MASINLOC, ZAMBALES, RESULTING TO DAMAGE IN THE MARINE ECOSYSTEM, AS EVIDENCED BY THE DISCOVERY OF TWO INJURED DOLPHINS FOUND IN THOSE AREAS

Introduced by Senator Defensor Santiago

**To the Committees on Agriculture and Food; and Environment and Natural Resources**

Proposed Senate Resolution No. 664, entitled

RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF

LEGISLATION, ON THE REPORTED HYDROMETEOROLOGICAL HAZARDS THAT POSES MAJOR THREAT IN THE COUNTRY

Introduced by Senator Defensor Santiago

**To the Committees on Science and Technology; and Environment and Natural Resources**

Proposed Senate Resolution No. 665, entitled

RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORT CLAIMING THAT SCALPERS HAVE PROLIFERATED IN THE PORTS OF CAGAYAN DE ORO

Introduced by Senator Defensor Santiago

**To the Committee on Public Services**

Proposed Senate Resolution No. 666, entitled

RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED NEED TO ELIMINATE RED TAPE IN THE POWER SECTOR OF GOVERNMENT IN ORDER TO HASTEN THE USE OF GENERATORS BY COOPERATIVES TO PREVENT THE POWER CRISIS IN MINDANAO

Introduced by Senator Defensor Santiago

**To the Committee on Energy**

Proposed Senate Resolution No. 667, entitled

RESOLUTION DIRECTING THE COMMITTEE ON JUSTICE AND HUMAN RIGHTS; AND THE COMMITTEE ON WOMEN, FAMILY RELATIONS AND GENDER EQUALITY, TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE PROTOCOLS AND POLICIES CONCERNING PREGNANT DETAINEES AND PRISONERS

p

Introduced by Senator Pimentel III

**To the Committees on Justice and Human Rights; and Women, Family Relations and Gender Equality**

Proposed Senate Resolution No. 668, entitled

RESOLUTION CONGRATULATING AND COMMENDING VICTORIA LUCIA TAULI-CORPUZ, THE FIRST INDIGENOUS WOMAN FROM THE PHILIPPINES TO BE APPOINTED AS SPECIAL RAPPORTEUR ON THE RIGHTS OF INDIGENOUS PEOPLES BY THE UNITED NATIONS HUMAN RIGHTS COUNCIL

Introduced by Senator Legarda

**To the Committee on Rules**

Proposed Senate Resolution No. 669, entitled

RESOLUTION URGING THE APPROPRIATE GOVERNMENT AGENCIES SUCH AS THE DEPARTMENT OF FOREIGN AFFAIRS (DFA), THE DEPARTMENT OF LABOR AND EMPLOYMENT (DOLE), THE OVERSEAS WORKERS WELFARE ADMINISTRATION (OWWA) AND OTHER LABOR RELATED AGENCIES OF THE GOVERNMENT, TO EXERCISE THE DOCTRINE OF *PARENS PATRIAE* OTHERWISE KNOWN AS THE GUARDIAN OF THE RIGHTS OF THE PEOPLE, IN PURSUING THE FILING OF CRIMINAL, CIVIL AND OTHER APPROPRIATE CHARGES AGAINST THE PRINCIPAL EMPLOYER, THE LOCAL PHILIPPINE AGENT AND SUCH OTHER PERSONALITIES RESPONSIBLE FOR THE INHUMANE TREATMENT INFLECTED UPON OVERSEAS FILIPINO WORKER PAHIMA ALAGASI PALACASI WHO APPARENTLY SUFFERED SECOND DEGREE BURNS WHEN HER EMPLOYER'S MOTHER DOUSED BOILING WATER ON HER

Introduced by Senator Legarda

**To the Committees on Foreign Relations; and Labor, Employment and Human Resources Development**

**COMMITTEE REPORT**

Committee Report No. 32, prepared and submitted by the Committee on Public Information and Mass Media, on Senate Bill No. 2239 with Senators Ramon Bong Revilla Jr., Legarda and Grace Poe as authors thereof, entitled

AN ACT REQUIRING ALL FRANCHISE HOLDERS OR OPERATORS OF TELEVISION STATIONS AND PRODUCERS OF TELEVISION PROGRAMS TO BROADCAST OR PRESENT THEIR PROGRAMS WITH CLOSED CAPTIONS OPTION, AND FOR OTHER PURPOSES,

recommending its approval in substitution of Senate Bill Nos. 271, 349 and 1656, taking into consideration House Bill No. 925.

Sponsor: Senator Grace Poe

**To the Calendar for Ordinary Business**

**COMMITTEE REPORT NO. 25  
ON SENATE BILL NO. 2211  
(Continuation)**

Upon motion of Senator Angara, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 2211 (Committee Report No. 25), entitled

AN ACT STRENGTHENING CONSUMER PROTECTION IN THE PURCHASE OF BRAND NEW MOTOR VEHICLES AND FOR OTHER PURPOSES.

Senator Angara stated that the parliamentary status was the period of interpellations.

Thereupon, the Chair recognized Senator Aquino, sponsor of the measure, and Senator Cayetano (A) for his interpellation.

**INTERPELLATION  
OF SENATOR CAYETANO (A)**

At the outset, Senator Cayetano (A) expressed support for the bill which, he said, has been lingering

13

in the legislature for so long. He thanked Senator Aquino for prioritizing the bill as he expressed hope that it would be passed into law soon.

Senator Cayetano (A) asked why there is a need for a lemon law and what this is all about because looking at the figures — 145 complaints out of the 213,000 cars which were sold in 2013: 64 for mediation, four for arbitration, 34 still in process, 23 dismissed, eight still under administration and 12 referred to the consumer welfare desk — they seemed to be not so glaring that it would be necessary to enact such a law.

Senator Aquino replied that a “lemon” specifically refers to a purchase of a substandard vehicle, and having a lemon law is actually a practice by a number of countries, like the U.S. which is known for very strong consumer protection and consumer rights which the Committee wanted to promote. He explained that the Philippine Lemon Law allows a consumer to get an equivalent vehicle or to have their money back if after four times of being serviced at the car repair shop, the brand-new vehicle would still experience the same defect again and again. He said that the bill would empower the Filipino consumers and let them understand that they have consumer rights especially when it comes to big purchases like a vehicle. He said that there are already ways to return smaller items but when it comes to vehicles, there may be a need to further support consumer rights. He stated that the bill has been in the works even before he became a senator and that it is a product of a multisectoral group of consumer rights advocates, the car industry, DTI, and a number of other groups that are supportive of the bill.

Senator Cayetano (A) said that he was glad that Senator Aquino emphasized the need to provide a mechanism wherein a big purchase like a car may be returned or replaced in the market. He observed that while there are already mechanisms or remedies in place as regards small items like cellphones, such remedy is not available in the case of vehicles.

Senator Aquino stated that in most cases, consumer products are covered by an implied warranty of 60 days to one year. He clarified that the proposed lemon law extends the warranty period for vehicles to 12 months or 20,000 kilometers whichever comes first, to give ample time for the consumers to find out if the vehicle they purchased

would have a recurring defect and needs to be replaced. He explained that without this provision, vehicles, in effect, would fall under the regular implied warranty which might be less than 12 months or 20,000 kilometers.

Asked what kind of motor vehicles are included in the bill, Senator Aquino replied that the bill essentially refers to brand-new cars exclusively for private use and not those that are used for business and agricultural purposes. He explained that the multisectoral group that helped craft the bill focused on the auto industry, but he was told that nothing was stopping Congress from crafting another bill which could cover the rest.

Senator Cayetano (A) asked whether a car that is used as a service vehicle to transport people, once found to be defective despite following the specifications as regards capacity and regular maintenance, would be considered lemon. Senator Aquino replied that regardless of how the vehicle is used, it is considered a lemon if found defective within a year from delivery or 20,000 kilometers of use. He reiterated that the manufacturer has no excuse as regards usage as long as the vehicle was used in accordance with the manual or specifications, or provided it complied with the non-conformity clause found in the warranty.

Senator Cayetano (A) said that it is common among Filipinos to use their cars for many other purposes, unlike in the U.S. where there is a car to transport the members of the family and another car for their cargoes. However, he pointed out that even if Filipinos use their cars for different purposes, they usually follow the specifications as stated in the warranty. He asked whether consumers can still get their money back if manufacturers would insist that the car was used for business other than as a private or family vehicle. He also asked whether the lemon law would apply in case a buyer returns an imported car after it is found to have defects before reaching the 20,000 kilometer mileage.

Senator Aquino replied that it would depend on the warranty of the vehicle, especially since there are manufacturers who insist that their cars or vehicles should not be used for commercial purposes. However, he pointed out that there is no reason for people to not avail of the lemon law as long as they comply with the parameters of usage and the warranty.



Senator Aquino also explained that the bill is limited to cars and vehicles purchased in the Philippines; thus, cars bought directly abroad are not covered by the lemon law. However, he clarified that an imported car that is bought from a dealer in the Philippines is covered by the law.

Senator Aquino stated that under the bill, manufacturers are mandated to explain the lemon law to buyers and to provide them with the warranty booklet. Stressing that consumer rights require consumer responsibility, he underscored the need for the buyer to be responsible, to read the fine prints of non-conformity clause, and to really understand what behavior would exclude them from the benefits of the lemon law. He also said that it is the DTI, as mediator and arbitrator, as the case may be, that will decide whether the car should be returned or whether the buyer should be given a new car.

Senator Cayetano (A) expressed support as regards the mandate asking the manufacturers to explain to the buyers the lemon law. He relayed an incident in Singapore where a Filipino salesman shared to him an article about the lemon law which was implemented there. He also cited the consumer service practice in the U.S. allowing buyers to return goods that they bought within a period of days.

Asked whether a lemon vehicle could be sold again, Senator Aquino answered in the affirmative, but he stressed that there must be an explicit warning or message that such vehicle has been returned because of the lemon law.

Asked whether lemon vehicles which are pre-owned or which have already been passed on to many users are still covered by the lemon law, and whether buyers can still claim their money, Senator Aquino replied that those situations could be clarified in the law.

Adverting to the definition of "brand-new" vehicles in the measure, Senator Cayetano (A) asked whether cars sold for the second time can still be called "brand new." Senator Aquino replied that an amendment could be introduced to differentiate between a brand-new, a second-hand or a slightly used car. Also, he cited a proviso which imposes a fine of P100,000 on manufacturers that closed down their establishments after selling cars.

To the suggestion that aside from the fine, the bill

should also mandate that the car be returned, Senator Aquino agreed, saying that such practice of selling and then closing the establishment is fraud. Senator Cayetano (A) noted that in such case, the manufacturers committed two offenses. He said that at the proper time, he would propose the appropriate amendment.

Asked whether a brand-new car that was brought abroad and sold in the Philippines would still be covered by the lemon law, assuming that it was never sold to a consumer abroad and was never used, Senator Aquino replied that the buyer must acquire the vehicle from a certified dealer in the country.

Adverting to the phrase "that has never been sold or registered with the DOTC or an appropriate agency and has never been operated in a highway," Senator Cayetano (A) asked whether buying and selling among the sellers or dealers are not contemplated by the law. Senator Aquino answered that ownership takes place when the consumer uses the car.

As regards the discussions on warranties and why vehicles are covered by the lemon law, Senator Cayetano cited Articles 1547, 1561 and 1566 of the Civil Code, to wit:

Art. 1547. In a contract of sale, unless a contrary intention appears, there is:

- (1) An implied warranty on the part of the seller that he has a right to sell the thing at the time when the ownership is to pass, and that the buyer shall from that time have and enjoy the legal and peaceful possession of the thing;
- (2) An implied warranty that the thing shall be free from any hidden faults or defects, or any charge or encumbrance not declared or known to the buyer.

This Article shall not, however, be held to render liable a sheriff, auctioneer, mortgagee, pledge, or other persons professing to sell by virtue of authority in fact of law, for the sale of a thing in which a third person has a legal or equitable interest.

Senator Cayetano (A) noted that even without the lemon law, there is already an implied warranty against hidden defects of products bought. But he assumed that the lemon law was crafted because it is hard to prove hidden defects in cars using

PS

Article 1547, unlike in the case of smaller items which are covered by the Consumer Act and the Civil Code of the Philippines.

Senator Cayetano (A) then proceeded to cite Article 1561 and 1566 of the Civil Code under which the seller is obligated to refund or replace the item with a hidden defect. He said that at present, consumers utilize these provisions as well as the general provisions of the Consumer Act to protect their rights; however, when it comes to "lemon" vehicles, with the lemon law, consumers will be confident that the defective items they purchased could be replaced or fixed, or they could even have their money refunded. Senator Aquino agreed, adding that the lemon law further strengthens the provisions of the Consumer Act and the Civil Code by extending the coverage to vehicles.

Senator Cayetano (A) pointed out that in dealing with rights, there are three important things to consider – first, there is a demandable right under the law, that a right could only be demandable if an existing law covers the act; second, it is important for consumers to know their rights, otherwise, the law would be irrelevant; lastly, enforcement is important. He explained that having a law, and knowledge of it, would not suffice if its implementation would entail further inconvenience on the part of the consumer. He lamented that sometimes people would not bother to complain because the process would entail more hassle, and instead would turn to the social media to voice their grievances. He asked how prompt the DTI is in responding to consumer complaints. He further expressed concern on the implementation, particularly in cases of dispute between the buyer and the seller on lemon claims.

Senator Aquino informed the Body that the DTI has a call center for consumer complaints, and according to Undersecretary Dimagiba of the Consumer Protection Group, they are able to resolve 83% of cases within seven working days, and to address the concern of Senator Cayetano (A), he stated that the solution would be a partnership between the private sector and the government, i.e. stores having a good policy for consumer protection and the presence of DTI consumer protection desks in establishments. He assured the Body that this could also be done since some basics are already in place.

Regarding the implementation of the lemon law, Senator Aquino said that the DTI would oversee

both the mediation and arbitration process. He explained that in mediation, the DTI would try to settle the dispute between the dealer and the buyer; if an amicable settlement or agreement cannot be reached, arbitration would take place, and then the DTI would decide if the complaint has merit or is unjustified. He said that auto industry associations would likely follow the proceedings that the DTI will undertake because they themselves were involved in crafting the bill. Senator Cayetano (A) agreed that when the industry is involved in the crafting of the law, it becomes more practical and reflective of reality.

Asked if he has local or international statistics showing the percentage of lemon vehicles out of the total production, Senator Aquino stated that in 2013, 145 out of 213,000, or about 0.07% are lemons, assuming that all those complaints were validated. Senator Cayetano (A) suggested that an additional penalty be added to give the law a real effect. For example, he said that if a certain percentage of vehicles from a certain dealer turn out to be lemons, its license could be revoked or suspended for a certain period of time. This way, he said, the manufacturers, retailers and dealers would be compelled to enhance their quality control. He cautioned that some dealers might purposely sell lemon vehicles to gain bigger profit at the expense of the company brand and the consumers, therefore, assigning a realistic number on the penalty would prevent such cases.

Senator Aquino expressed willingness to accept an amendment to that effect at the proper time. Nonetheless, he maintained that the dealers consider it bad for business if they sell lemon vehicles, therefore, they would most likely not sell them. He added that the dealers are just the retail front and not the manufacturers, and most of the time, they would not be able to recognize lemon vehicles. Senator Cayetano (A) proposed to further study the matter since the biggest deterrent is prohibition. He said that the fines could go unnoticed, as compared to a suspension of their license which would entail a bigger loss on their part. He explained that his emphasis on the penalty is for the people so that they will know that the law would really be implemented. He further said that similar to labor cases, the complaining consumer would be opposing large corporations, therefore, the law should level the playing field. However, since the law should also be business friendly, he hoped that the Committee would find the right balance to satisfy both sectors.



## INTERPELLATION OF SENATOR OSMEÑA

Asked on the definition of “lemon,” Senator Aquino explained that it is a vernacular or a slang term for cars which have a defect that cannot be fixed after four separate repair attempts by the same manufacturer, distributor, authorized dealer or retailer within a given period of one year or 20,000 kilometers, as stated in Section 5 of the bill.

Senator Osmeña suggested that the word “lemon” be included in Section 3 (*Definition of Terms*) because the short title of the act includes the word “lemon.”

Asked if recalled cars are covered by the bill, Senator Aquino replied that the bill only covers cases when the consumer complains to the dealer, and not the other way around as with recalled vehicles. He further clarified that the count of up to four repair attempts excludes any recall made by the manufacturer.

Regarding the penalty of suspension that was suggested by Senator Cayetano (A), Senator Osmeña asked how much loss the dealer would suffer per month.

Senator Aquino clarified that the measure does not have any provision on perpetual ban, and that it was Senator Cayetano (A) who suggested putting the provision on suspension in the lemon law for those who are recidivists. Senator Osmeña agreed, but he cautioned that it might send a wrong signal which could be extremely unfriendly to investors, noting that simply setting up a dealership in the country is already very expensive. He then suggested finding out how much the preventive measure is going to cost the dealers because even while they are banned, they will continue to incur overhead expenses, rent and salaries for mechanics.

Senator Aquino believed that Senator Cayetano (A) just wanted to penalize those who are consistently selling lemons.

Asked how the word “consistent” is defined, Senator Aquino replied that according to Senator Cayetano (A), .07% of the number of cases in 2013 that are currently with the DTI are lemons, and that if one breaches 5% or 3% or much higher than the average of possible lemons, then some level of penalty should be meted out against the dealers. He affirmed that .07% lemons were brand-new cars.

As regards the rights of the victims to have a speedy but sufficient justice, Senator Osmeña asked if a shame campaign would be a preventive measure against future transgressions. He cited a friend who bought a mini van, which turned out to be a lemon car, and parked it in front of his office with a big sign saying, “This is a lemon Toyota...” He said that his friend refused to take the sign off the street when Toyota tried to pay him off. He said that the incident was carried on television and in the news, concluding that sometimes doing some things could be more effective than even suspending a dealer or a manufacturer. Senator Aquino said that a shame campaign is more common in the social media. He clarified that the bill was not really meant to penalize manufacturers who have lemons because he believed that no decent manufacturers would want to sell cars which are substandard as it is bad for the business and a headache for them as they have to repair the cars within the coverage period. He pointed out that there are times when one gets a defective car through no fault of the dealer or the consumer. He stated that the law was created to protect the consumers, and that if the car that was purchased has a problem, it could be returned, replaced or refunded within the process.

Senator Aquino said that having the penalty provision might actually change the tenor of the bill, and the Committee might consider it if more Members want it incorporated into the bill. However, he said that the tenor of the bill was more toward consumer rights and laying down the proper process for people to return their lemon cars.

Senator Osmeña agreed, saying that the measure protects the one in 1,000,000 customers from being treated unfairly, as he recalled his friends who used to clamor for the passage of a lemon law even 15 years ago. He stated that lemons are accidents, and that the measure’s objective is to protect the victims. He hoped that the Body would be able to insert a provision into the bill that would speed up the process for the victims of lemons.

Senator Aquino then adverted to Section 8, paragraph (a)(5) of the bill, which says, “... All disputes that have been submitted for mediation shall be settled not later than ten (10) working days from the date of filing of the complaint with the DTI.” He said that the DTI is bound to finish the mediation proceedings within 10 days, and if it cannot find an amicable settlement, it has to go into arbitration

r

within 20 working days. He stated that from the time that the actual complaint was filed, which is 30 working days, the DTI should come up with a judgment and may order the dealer to either replace the car or give a refund, or may dismiss the complaint if it finds it invalid.

Senator Osmeña pointed out that the provision allowing parties to enter into arbitration might take some time, so he asked if there is a sentence which says that arbitration would only take 30 days. Senator Aquino clarified that the phrase "within 20 working days" actually refers to the period of the arbitration process, which might be misinterpreted as starting within 20 days after the mediation stopped. He said that in the hearing of the bill, the intention was to finish all the proceedings within 20 working days.

As regards the phrase "may voluntarily enter into arbitration proceedings," Senator Osmeña proposed to change the word "may" to SHALL. Senator Aquino said that he would consider the proposal of Senator Osmeña during the period of amendments.

Senator Osmeña said that it is never a one-sided situation, since normally the customer could also be at fault. He suggested that somewhere in the measure, it could be worded to that effect. Thereupon, Senator Aquino read the last part of Section (3), which says "In case a non-conformity of the vehicle is found by the DTI, it shall rule in favor of the manufacturer, distributor, authorized dealer or retailer, and direct the consumer to reimburse the manufacturer, distributor, authorized dealer or retailer the cost incurred by the latter in validating the consumer's complaint." He explained that if the complaint is unwarranted and the DTI ruled that it was not a valid complaint and that there was some non-conformity that the buyer did which became the basis of the complaint, then the DTI may rule in favor of the manufacturer and charge the complainant for the time spent by the manufacturer.

Asked if the retailer, dealer, distributor, or manufacturer refers to the person who sold the car, Senator Aquino replied in the affirmative.

Asked if repairs done unsuccessfully by a car service center not authorized by the car manufacturer would be counted in the determination of whether the car underwent "at least four (4) separate

repair attempts," Senator Aquino replied that the act of letting the car repaired by one other than the car manufacturer itself would invalidate the lemon law and a violation of the warranty.

#### **INTERPELLATION OF SENATOR SOTTO**

Asked on the rationale for allowing four repair attempts by the manufacturer instead of three or any number, Senator Aquino replied that four was actually what was agreed upon by the multi-sectoral group that included the car manufacturers, the consumer rights groups, and all other stakeholders involved in the previous Congress' hearings on the bill. He said that during the hearings, the Committee decided not to mess with the number because it took a lot of time before all parties agreed on it.

On the suggestion of making it three to make sure that the distributors and the manufacturers do not produce lemons. Senator Aquino said that as the committee chair, he has to honor the past work that the Committee had done and the decision that it made, along with the manufacturers and the consumer rights groups. Senator Sotto suggested getting the consensus of the other Members during the period of amendments.

As regards the 20,000 kilometers of usage in 12 months, Senator Aquino said that the Committee opted to honor all the work that both houses of Congress did in the past. However, he said that if there is a consensus to change the specific numbers and make it more pro-consumers, then it would be taken into consideration. He said that he would trace the history about when the numbers started and when it was eventually adopted, as he reiterated that it was what the consumer rights groups and the manufacturers have agreed upon.

#### **TERMINATION OF THE PERIOD OF INTERPELLATIONS**

Upon motion of Senator Cayetano (A), there being no objection, the Body closed the period of interpellations.

#### **SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 2211**

Upon motion of Senator Cayetano (A), there being no objection, the Body suspended consideration of the bill.

fr

**COMMITTEE REPORT NO. 29  
ON SENATE BILL NO. 2226**

*(Continuation)*

Upon motion of Senator Cayetano (A), there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 2226 (Committee Report No. 29), entitled

**AN ACT PROTECTING THE AMATEUR  
NATURE OF STUDENT-ATHLETES  
IN THE PHILIPPINES BY REGULAT-  
ING THE RESIDENCY REQUIRE-  
MENT AND PROHIBITING THE  
COMMERCIALIZATION OF STUDENT-  
ATHLETES.**

Senator Cayetano (A) stated that the parliamentary status was the period of interpellations.

Thereupon, the Chair recognized Senator Cayetano (P), sponsor of the measure.

**SUSPENSION OF SESSION**

Upon motion of Senator Cayetano (A), the session was suspended.

*It was 4:40 p.m.*

**RESUMPTION OF SESSION**

At 4:50 p.m., the session was resumed.

**TERMINATION OF THE PERIOD  
OF INTERPELLATIONS**

There being no reservation for interpellation, upon motion of Senator Cayetano (A), there being

no objection, the Body closed the period of interpellations and proceeded to the period of committee amendments.

**MANIFESTATION  
OF SENATOR CAYETANO (P)**

Senator Cayetano (P) manifested that she would be presenting the committee amendments the following day.

Senator Cayetano (A) stated that any senator who would like to introduce amendments to the bill may do so the following day.

**SUSPENSION OF CONSIDERATION  
OF SENATE BILL NO. 2226**

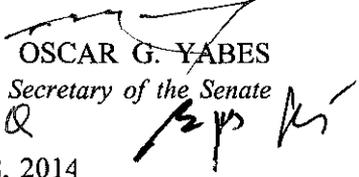
Upon motion of Senator Cayetano (A), there being no objection, the Body suspended consideration of the bill.

**ADJOURNMENT OF SESSION**

Upon motion of Senator Cayetano (A), there being no objection, the Chair declared the session adjourned until three o'clock in the afternoon of the following day.

*It was 4:54 p.m.*

I hereby certify to the correctness of the foregoing.

OSCAR G. YABES  
Secretary of the Senate  


Approved on May 28, 2014