

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
1st Regular Session

House Bill No. 654



Introduced by Hon. Francis Gerald Aguinaldo Abaya

EXPLANATORY NOTE

The practice by mobile phone and data service providers in locking devices as part of a wireless contract is one of the most significant sources of consumer frustration with wireless services.

Although independent devices or services from third parties that unlock the mobile device exist, these processes would normally void the warranty of the mobile device. Device locking makes it difficult for consumers to take advantage of the competitive offers available in the market. Furthermore, it limits the ability of the consumers to avoid roaming charges while travelling abroad, because it prevents them from using another service provider's services.

This bill proposes to allow consumers to request for the unlocking of their devices, for free, or for a reasonable fee. In the end, it seeks to contribute to a more dynamic marketplace by promoting consumer choice and wireless competition.

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


FRANCIS GERALD AGUINALDO ABAYA
Representative, First District, Cavite

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AN ACT PROMOTING CONSUMER PROTECTION ON THE PURCHASE OF MOBILE COMMUNICATION DEVICES BY ALLOWING CONSUMERS TO UNLOCK THE MOBILE WIRELESS DEVICES PRIOR TO THE EXPIRATION OF THE LOCK-IN PERIOD UNDER THE MOBILE COMMUNICATION SERVICE CONTRACT

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

1 **SECTION 1. *Short Title.*** – This Act shall be known as the “Consumer Protection
2 on Mobile Communication Service Contract”.

3 **SECTION 2. *Declaration of Policy.*** – The State recognizes the vital role of
4 information and communications technology in nation building, and consistent with the
5 provisions of Article 2, Title I of the Consumer Act of the Philippines, the State shall
6 protect the interests of the consumer, promote the general welfare and establish
7 standards of conduct for business and industry. Towards this end, the State shall
8 implement measures to achieve the following objectives:

9 (a) Protection against deceptive, unfair and unconscionable sales acts and
10 practices; and

11 (b) Provision of information and education to facilitate sound choice and the
12 proper exercise of rights by the consumer.

13 **SECTION 3. *Definition of Terms.*** – As used in this Act: and

14 (a) *Mobile communication service contract* refers to an agreement between a
15 mobile communication and data network service provider and a consumer for a post-
16 paid subscription on the use of the provider’s network facilities for wireless
17 communications and other internet applications services covering a particular period of
18 time. Such contract may include the provision of mobile communication device or
19 devices free of charge upon the condition that the consumer shall maintain its
20 subscription with the service provider over a period of time otherwise known as the “lock-

1 in period"; and

2 (b) *Lock-in period* refers to the term of the contract between the service provider
3 and the consumer wherein the latter must maintain monthly subscription at an agreed
4 period to the exclusion of other service providers.

5 **SECTION 4. *Prohibition against Lock-in Period Provision in Mobile***
6 ***Communication Service Contract.*** – A mobile communication and data network
7 service provider that provides a locked device to the consumer, as part of a subscription
8 contract, shall:

9 (a) For subsidized devices, unlock the communication device or give consumers
10 the means to unlock the device at the rate provided by the service provider or any of its
11 designated service agent, upon request prior to the expiration of the lock-in period of the
12 device. After the lock-in period, unlocking of the device shall be free and automatic; and

13 (b) For unsubsidized devices, unlock the device upon purchase.

14 **SECTION 5. *Penalties.*** – Any violation of the provisions of this Act shall be
15 punished with a fine ranging from five thousand pesos (P5,000.00) to five hundred
16 thousand pesos (P500,000.00), at the discretion of the court. An additional penalty of
17 suspension of its operation shall likewise be imposed on any dealer, retailer, or seller
18 who fails to comply with the provisions of this Act.

19 **SECTION 6. *Implementing Rules and Regulations.*** – The Department of Trade
20 and Industry (DTI) in coordination with the National Telecommunications Commission
21 (NTC) and other concerned agencies shall, within ninety (90) days from the effectivity of
22 this Act, promulgate the implementing rules and regulations (IRR) for the effective
23 implementation of this Act.

24 **SECTION 7. *Separability Clause.*** – If any provision or part hereof is held invalid
25 or unconstitutional, the other provisions not otherwise affected shall remain valid and
26 subsisting.

27 **SECTION 8. *Repealing Clause.*** – All laws, decrees, issuances, orders, letters of
28 instruction, rules and regulations or portions thereof contrary to or inconsistent with any
29 of the provisions of this Act are hereby repealed, modified, or amended accordingly.

30 **SECTION 9. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
31 publication in the *Official Gazette* or in two (2) newspapers of general circulation.

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33 Approved,