

Title: Alfredo F. Laya, Jr. v. Philippine Veterans Bank and Ricardo A. Balbido, Jr.

Facts:

- Employment and Benefits:** On June 1, 2001, Alfredo F. Laya, Jr. was employed by Philippine Veterans Bank (PVB) as its Chief Legal Counsel with the rank of Vice President. His benefits included, among other things, Provident Fund Program/Retirement Program membership.
- Retirement Plan Provisions:** PVB's retirement plan, effective since January 1, 1996, allowed normal retirement at 60 years, early retirement at 50 with 10 years of service, and late retirement extending service beyond 60 years, but not beyond 65, with Board approval.
- Retirement Notification and Subsequent Request:** On June 14, 2007, Laya received a letter from PVB notifying him of his retirement effective July 1, 2007. On June 21, 2007, Laya requested an extension of his tenure by two years under the late retirement provision.
- Denial of Extension:** Despite a directive for him to continue his duties pending his request, on July 18, 2007, Laya was informed by PVB's President Ricardo A. Balbido, Jr. that his request for extension was denied.
- Complaint for Illegal Dismissal:** On December 24, 2008, Laya filed a complaint for illegal dismissal with the NLRC. The Labor Arbiter dismissed his complaint on August 28, 2009, ordering PVB to indemnify him ₱200,000 for the flawed process in denying his extension request. This indemnity was later deleted by the NLRC on June 21, 2010, upholding the dismissal of the complaint.
- Appeal to the CA:** Laya appealed to the CA through certiorari. On August 31, 2012, the CA upheld the NLRC's ruling, concluding that his acceptance of his appointment indicated assent to the retirement program.
- Petition for Review on Certiorari:** Laya's petition for review to the Supreme Court (First Division) was denied on April 8, 2013. His motion for reconsideration, which also sought referral to the Court En Banc, was denied on August 28, 2013. An entry of judgment was issued on December 6, 2013.
- Second Motion for Reconsideration:** Laya filed a second motion for reconsideration on December 18, 2013, arguing that PVB is a public instrumentality, raising questions about the proper retirement age under Presidential Decree No. 1146 (GSIS Law).

9. **Court En Banc Review**: On March 25, 2014, the Court En Banc accepted the referral and required comments from PVB and the OSG.

Issues:

1. Whether the Supreme Court should accept Laya's second motion for reconsideration.
2. Whether Philippine Veterans Bank is a private entity or a public instrumentality.
3. Whether Laya's retirement at age 60 was valid under the existing legal framework.

Court's Decision:

1. **Second Motion for Reconsideration**: The Court held that the petitioner's second motion for reconsideration could be entertained as an exception to the rule against second motions because of the higher interest of justice, focusing on rectifying potential patently unjust outcomes.
2. **Status of PVB**: The Court reiterated established doctrine from the Philippine Veterans Bank Employees Union-NUBE case, affirming that PVB is a private entity. The Court noted that PVB operates under the Corporation Code and the General Banking Act and is not owned or controlled by the government.
3. **Validity of Retirement**: The Court concluded that Laya was not validly retired at age 60. It was pointed out that involuntary retirement before the age of 65 required express and voluntary consent from the employee. In this case, the Court found no adequate evidence that Laya had explicitly agreed to a retirement age of 60 as imposed by the retirement plan. The Court therefore declared that Laya was illegally dismissed and awarded him back wages and separation pay calculated from the date of his illegal dismissal until he reached the age of 65, with legal interest applied.

Doctrine:

This case reaffirms the principle that an employee's consent to early retirement must be explicit, voluntary, free, and clearly established. An employer cannot unilaterally impose a retirement age lower than the compulsory retirement age of 65 years without the employee's clearly voluntary and mutual agreement. Additionally, it underscores the non-mutability of final judgments, save for extraordinary circumstances in the interest of justice.

Class Notes:

1. **Security of Tenure**: Labor Code Art. 287 - Employees cannot be prematurely compelled to retire without express, voluntary consent.
2. **Contract of Adhesion**: Contracts must evidence the clear and informed consent of parties, particularly in employment settings.
3. **Doctrine of Immutability**: Finality of judgments can only be questioned under extraordinary circumstances.
4. **Corporation & Labor Laws**: Employers must ensure compliance with explicit statutory requirements for changes affecting employee tenure.

Historical Background:

This case contextualizes the persistent tension between employer prerogatives and statutory protections for employees' job security in the Philippine private sector. It illustrates how courts navigate issues arising from corporate policies versus statutory labor rights, emphasizing employees' rights to secure tenure and voluntary participation in retirement schemes.