



Republic of the Philippines
Supreme Court
 Manila



SECOND DIVISION

**CAPITOL SAWMILL CORPORATION
 and COLUMBIA WOOD INDUSTRIES
 CORPORATION,**

G.R. No. 187843

Petitioners,

Present:

CARPIO, *J.*
 Chairperson,
 BRION,
 DEL CASTILLO,
 PEREZ, and
 PERLAS-BERNABE, *JJ.*

- versus -

**CONCEPCION CHUA GAW, ANGELO
 CHUA GAW, JOHN BARRY CHUA
 GAW, LEONARD BRANDON CHUA
 GAW and JULITA C. CHUA,**

Promulgated:

Respondents.

JUN 09 2014

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RESOLUTION

PEREZ, *J.*:

This petition for review on *certiorari* seeks to set aside the 11 May 2009 Decision¹ of the Court of Appeals in CA-G.R. SP No. 106233.

Spouses Chua Chin and Chan Chi were the founders of Capitol Sawmill Corporation and Columbia Wood Industries Corporation. They had seven children, namely: Chua Kiam Suy, Concepcion Chua Gaw (Concepcion), Chua Suy Phen, Chua Suy Lu, Chua Suy Ben, Chua Sioc

¹ Penned by Associate Justice Remedios A. Salazar-Fernando with Associate Justices Magdangal M. De Leon and Ramon R. Garcia, concurring. *Rollo*, pp. 35-46.

Huan and Julita Chua. Chua Chin died on 19 June 1986 while Chan Chi died on 16 October 1993.

This case traces its origins to an action for Determination of Shares in and Partition of the Estate of Deceased Parents filed by Spouses Concepcion Chua Gaw and Antonio Gaw against their siblings, and petitioner corporations, Capitol Sawmill Corporation and Columbia Wood Industries Corporation, before the Regional Trial Court (RTC) of Valenzuela on 2 June 1995. In the Complaint, respondents alleged that deceased Spouses Chua Chin and Chan Chi wholly-owned the entire assets of or the outstanding investments in Capitol Sawmill Corporation and Columbia Wood Industries Corporation. Therefore, the two corporations should constitute part of the estate of the deceased, which in turn must be divided among the heirs. Despite demands of respondents, defendants therein refused to collate and partition the entire estate of their deceased parents.²

In their Answer with Counterclaim, petitioners as defendants below countered that the complaint stated no cause of action against the petitioner Corporations.³

Upon the death of Antonio Gaw on 10 December 1998, he was substituted by his children, Angelo Chua Gaw, John Barry Chua Gaw, and Leonard Brandon Chua Gaw; while Julita Chua was later dropped as defendant and allowed to join Concepcion as co-plaintiff in an Amended Complaint dated 18 January 1999.⁴

During trial, Concepcion and Julita Chua testified on the allegations in their Amended Complaint. On 6 December 2004, plaintiffs filed their Formal Offer of Plaintiff's Documentary Evidence.

On 12 July 2005, petitioners filed a Demurrer to Evidence alleging that based on the allegations in the Amended Complaint and the evidence presented, the case against them should be dismissed. Citing the Court's ruling in *Lim v. Court of Appeals*,⁵ petitioners submitted that the properties of the corporations cannot be included in the estate of the decedent.

² Id. at 48-53.

³ CA *rollo*, pp. 46-49.

⁴ Manifestation and Motion (To Join Concepcion Chua Gaw as Party-Plaintiff). *Rollo*, pp. 69-73.

⁵ 380 Phil. 60 (2000).

In their Opposition/Comment, respondents opposed the filing of the Demurrer to Evidence on the ground of *res judicata*. Respondents claimed that the issue raised by petitioners had already been resolved in *Chua Suy Phen v. Concepcion Chua Gaw*,⁶ wherein the Court upheld their causes of action against the two corporations and declared that their right to inherit and their right to share in the ownership of the corporations are matters to be resolved in the case pending before the trial court.

On 3 September 2007, the trial court issued an Order⁷ denying the Demurrer to Evidence. The trial court expounded that the *Lim* case and the instant case are not similar considering that the instant case involves determination of shares in and partition of estate of deceased parents. Moreover, the trial court took note of the ruling in *Chua Suy Phen* which validates respondents' causes of action against petitioners.

Petitioners filed with the Court of Appeals a special civil action for *certiorari* seeking to annul the lower court's orders denying their demurrer to evidence.

On 11 May 2009, the Court of Appeals rendered a decision dismissing the petition, for lack of merit. The Court of Appeals held that the *Lim* case which ruled that a corporation cannot be the proper subject of and be included in the inventory of the estate of a deceased person is not applicable in this case. Moreover, the appellate court stated that respondents' right to inherit and their right to share in the ownership of petitioner corporations were already resolved in the case of *Chua Suy Phen*.

Hence, this petition.

Petitioners maintain that the issue of whether or not the properties of the corporation can be the proper subject of and be included in the inventory of the estate of a deceased person had been resolved in the *Lim* case and such ruling is applicable to them. Petitioners stress that as in the *Lim* case where petitioner sought to include several parcels of land registered in the name of the corporations as part of the estate of her late husband, Pastor Lim, respondents in this case also sought to include the parcels of land owned and registered in the name of petitioner corporations as part of the estate of the deceased parents for partition and distribution.

⁶ Supreme Court Second Division Resolution, G. R. No. 136194, 18 January 1999. *Rollo*, pp. 172-174.

⁷ Penned by Presiding Judge Trinidad L. Dabbay. Id. at 58-61.

Petitioners dismiss the difference in the nature of action between the two cases as purely semantics and reduced the issue to whether a corporation, as such corporation, may be the proper subject of and be included in the inventory of the estate of a deceased person. Petitioners aver that the real properties belonging to the corporation should not be included in the partition and distribution of the properties belonging to the estate of the deceased parents. Petitioners opine that only the shares of stocks can be included in the estate of the deceased stockholder.

Petitioners consider that it is misleading for the appellate court and respondents to claim that the Court in *Chua Suy Phen* had ruled that respondents have the right over the properties absolutely owned and registered in the name of petitioner corporations. Petitioners assert that the Court's pronouncement only pertained to the issue of jurisdiction of the trial court over said case.

We find no merit in the petition.

Section 1, Rule 33 of the Rules of Court provides that after the plaintiff has completed the presentation of his evidence, the defendant may move for dismissal on the ground that upon the facts and the law the plaintiff has shown no right to relief. Petitioners anchored their demurrer to evidence on respondents' lack of cause of action against the corporations, in accordance with a court ruling that properties of a corporation cannot be included in the inventory of the estate of a deceased person.

Cause of action is defined as the act or omission by which a party violates a right of another. The existence of a cause of action is determined by the allegations in the complaint. A complaint is said to assert a sufficient cause of action if, admitting what appears solely on its face to be correct, the plaintiff would be entitled to the relief prayed for. Accordingly, if the allegations furnish sufficient basis by which the complaint can be maintained, the same should not be dismissed, regardless of the defenses that may be averred by the defendants.⁸

We agree with the Court of Appeals when it decided that the facts in the *Lim* case are not on all fours with the instant case, thus:

⁸ *Heirs of Magdalena Ypon v. Ricaforte*, G.R. No. 198680, 8 July 2013 citing *Peltan Development, Inc. v. Court of Appeals*, 336 Phil. 824, 833 (1997); *Davao Light & Power Co., Inc. v. Judge of Regional Trial Court, Davao City, Branch 8*, 519 Phil. 258, 270 (2006); *The Consolidated Bank and Trust Corp. v. Court of Appeals*, 274 Phil. 947, 955 (1991).

The Lim case should not be applied in this case because it is an intestate probate proceeding while this case is principally for the partition and distribution of the estate of the deceased parents. In the Lim case, the properties involved were real properties registered under the Torrens system in the name of several corporations which are allegedly owned by the decedent, whereas in this case, the same covers all assets, investments and all other rights, titles and interests left by the deceased parents of private respondents which are sought to be collated, partitioned and distributed among the legal heirs. It does not involve particular properties which are owned by petitioners Capitol and Columbia but the totality of investments made by the deceased parents in the said businesses.⁹

The Court in *Chua Suy Phen* had already upheld the validity of respondents' causes of action against petitioners. Said case originated from the same action for partition and distribution of the estate of their deceased parents consisting of investments in petitioner corporations. A motion to dismiss was filed by petitioners therein on the ground of lack of jurisdiction but therein respondents argued that "the complaint was for judicial determination of the share of the parties, the partition of the entire estate of their deceased parents, and the equitable distribution of the shares to all the heirs." The RTC of Valenzuela City, Branch 75 upheld respondents' stand and denied the motion to dismiss. When elevated to the Court of Appeals, it affirmed the dismissal. The dismissal was brought before us by way of petition for review. We ruled in a Resolution dated 18 January 1999 that the action was for collation of the properties comprising the estate of the deceased parents, hence, jurisdiction pertains to the trial court. We clarified that the dispute stemmed from the exclusion of respondents from their inheritance consisting of investments in two corporations. More pertinently, we declared that "their right to inherit and their right to share in the ownership of the corporations are matters to be resolved in the case pending in the trial court."¹⁰ The said ruling validated in fact the cause of action in this case, *i.e.*, that respondents were excluded by petitioners from their right to inherit or share in the ownership of the two corporations.

Petitioners are pushing the case too far ahead of its limits. They are themselves determining that the issue is whether the properties of the corporation can be included in the inventory of the estate of the decedent when the only question to be resolved in a demurrer to evidence is whether based on the evidence, respondents, as already well put in the prior *Chua Suy Phen* case, have a right to share in the ownership of the corporation. The question of whether the properties of the corporation can be included in the inventory of the estate will be threshed out and resolved during trial.

⁹ Rollo, p. 44.

¹⁰ *Chua Suy Phen v. Concepcion Chua Gaw*, supra note 6.

Petitioners in *Chua Suy Phen* were unsuccessful in having the case dismissed on the ground of lack of jurisdiction. Petitioners are now employing another maneuver to stall the proceedings for determination of shares and partition before the trial court. We are putting a stop to the procedural obliquity that had the case stray away from the resolution for almost two decades.

WHEREFORE, the instant petition is **DENIED** for lack of merit. Let the case be **REMANDED** to the trial court which is directed to act and decide the case with dispatch.

SO ORDERED.



JOSE PORTUGAL PEREZ
Associate Justice

WE CONCUR:



ANTONIO T. CARPIO
Associate Justice
Chairperson



ARTURO D. BRION
Associate Justice



MARIANO C. DEL CASTILLO
Associate Justice


ESTELA M. PERLAS-BERNABE
Associate Justice

ATTESTATION

I attest that the conclusions in the above Resolution had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ANTONIO T. CARPIO
Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Resolution had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


MARIA LOURDES P. A. SERENO
Chief Justice