

SECOND DIVISION

[G.R. No. 187843, June 09, 2014]

CAPITOL SAWMILL CORPORATION AND COLUMBIA WOOD INDUSTRIES CORPORATION, PETITIONERS, VS. CONCEPCION CHUA GAW, ANGELO CHUA GAW, JOHN BARRY CHUA GAW, LEONARD BRANDON CHUA GAW AND JULITA C. CHUA, RESPONDENTS.

RESOLUTION

This petition for review on *certiorari* seeks to set aside the 11 May 2009 Decision^[1] 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 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.

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 Order^[7] 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.

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