



SUPREME COURT OF THE PHILIPPINES  
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Republic of the Philippines  
Supreme Court  
Cagayan de Oro City

SECOND DIVISION

CHAM TENG HUI and JAMES L. CHAM, G.R. No. 224550

Petitioners,

Present:

LEONEN, J., *Chairperson*,  
LAZARO-JAVIER,  
LOPEZ, M.,  
LOPEZ, J., and  
KHO, JR., *JJ.*

-versus-

WILSON P. CHAM and  
BERNARD P. CHAM,  
Respondents.

Promulgated:  
MAR 06 2023

*[Signature]*

X-----X

DECISION

LEONEN, J.:

A court may render summary judgment only when there are no genuine issues that remain proper for trial. Thus, in a petition for the appointment of an administrator, which requires the Regional Trial Court to determine who among the parties has the best interest in managing and preserving the decedent's estate, valid contentions regarding the parties' respective rights to inherit create a genuine issue for trial.<sup>1</sup>

This is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, assailing the Court of Appeals Decision<sup>2</sup> and Resolution<sup>3</sup> which

<sup>1</sup> *Saguinsin v. Lindayag*, 116 Phil. 1193, 1195-1196 (1962) [Per J. Dizon, *En Banc*]; See also *Uy v. Chua*, 616 Phil. 768, 781 (2009) [Per J. Chico-Nazario, Third Division].

<sup>2</sup> *Rollo*, pp. 10-19. The Decision in CA-G.R. SP No. 132182 dated December 10, 2015 was penned by Associate Justice Sesinando E. Villon, with the concurrence of Associate Justices Rodil V. Zalameda (now a member of this Court) and Pedro B. Corales of the Court of Appeals, Eleventh Division, Manila.

<sup>3</sup> *Rollo*, pp. 21-22. The Resolution in CA-G.R. SP No. 132182 dated May 12, 2016 was penned by

reversed and set aside the summary judgment issued by the Regional Trial Court deciding matters of heirship and administration of Allen Cham's estate.

Allen Cham died on December 4, 1994 without a will, a spouse, ascendants, and legitimate or illegitimate children. This led several of his more distant relatives to file their respective claims to his estate.

Cham Teng Hui (Teng Hui) and James L. Cham (James) filed a Petition for Issuance of Letters of Administration on June 16, 1995, claiming that they are Allen Cham's nephews.<sup>4</sup> Several other relatives filed Motions to Intervene as claimants to Allen Cham's estate, including Wilson Cham (Wilson) and Bernard Cham (Bernard), who claim to be the grandchildren of Allen Cham's brother, Cham Ay Chia (collectively, the "oppositors").<sup>5</sup>

The Regional Trial Court held Pre-Trial Conferences on August 6, 2007 and September 13, 2007, which resulted in the issuance of two Orders containing several stipulations of fact agreed upon by the parties,<sup>6</sup> as well as a statement of the issue to be resolved – "[w]ho are the legal heirs of and are entitled to share in the estate of the decedent Allen Cham."<sup>7</sup>

Teng Hui and James sought to correct several alleged errors in the August 6, 2007 Pre-Trial Order in their Manifestation dated September 11, 2007.<sup>8</sup> Pending action on this Manifestation, however, they moved for summary judgment in a Motion dated October 5, 2007, claiming that "there is no genuine issue to be tried[.]"<sup>9</sup> Teng Hui and James argue that the oppositors' own pleadings alleged their status as 4<sup>th</sup> degree collateral relatives of Allen Cham. This admission allegedly excludes oppositors from participating in the inheritance, since Teng Hui and James were 3<sup>rd</sup> degree collateral relatives. Thus, oppositors would have no right of representation.<sup>10</sup>

Opositors Wilson and Bernard opposed the Motion for Summary Judgment, arguing that Teng Hui and James failed to attach the required supporting affidavits, depositions, and admissions in support of their Motion.<sup>11</sup> They further argued that Teng Hui and James' own right to inherit should be ascertained because they adopted documents showing that Allen Cham was an illegitimate child of the parties' common ancestor, Cham Sam

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Associate Justice Sesonando E. Villon, with the concurrence of Associate Justices Rodil V. Zalameda (now a member of this Court) and Pedro B. Corales of the Court of Appeals, Eleventh Division, Manila.

<sup>4</sup> *Rollo*, p. 11.

<sup>5</sup> *Id.* at 69.

<sup>6</sup> *Id.* at 123–125.

<sup>7</sup> *Id.* at 124.

<sup>8</sup> *Id.* at 80–90.

<sup>9</sup> *Id.* at 91.

<sup>10</sup> *Id.* at 96–97.

<sup>11</sup> *Id.* at 220.

Co.<sup>12</sup>

The Regional Trial Court denied the October 5, 2007 Motion for Summary Judgment in an Order dated March 3, 2008, reasoning that the issue of heirship and of the purported heirs' respective right to inherit from the decedent remained for resolution.<sup>13</sup>

WHEREFORE, premised on the foregoing considerations, the instant Motion for Summary Judgment dated October 5, 2007 is hereby DENIED for lack of merit.<sup>14</sup>

After denying the October 5, 2007 Motion for Summary Judgment, the Regional Trial Court issued two Amended Pre-Trial Orders dated March 10, 2008<sup>15</sup> and September 17, 2008,<sup>16</sup> respectively, which now reflect the changes requested in petitioners' prior Manifestation dated September 11, 2007.

On June 17, 2011, Teng Hui and James moved for summary judgment for a second time and cited the Amended Pre-Trial Orders as support for their argument that oppositors should be excluded from the proceedings.<sup>17</sup> Oppositors also filed their Comment to the second Motion for Summary Judgment, arguing that the Motion failed to attach the necessary affidavits, depositions, and admissions required by the Rule on Summary Judgments. They also raise the same arguments forwarded in the prior opposition to the first Motion for Summary Judgment.<sup>18</sup>

The Regional Trial Court granted the second Motion for Summary Judgment in an Order dated November 22, 2012.<sup>19</sup> In this Order, the Regional Trial Court reasoned that the oppositors may be validly excluded from the intestate proceedings since the parties' admissions and stipulations of fact showed that "there are no genuine issues of fact that necessitate presentation of evidence[.]"<sup>20</sup> Thus, the Regional Trial Court granted the Motion for Summary Judgment and excluded the oppositors from participating in the intestate proceedings.

WHEREFORE, finding merit in the Motion for Summary Judgment dated June 17, 2011, the same is hereby GRANTED. Accordingly, judgment is rendered excluding oppositors Julie Cham, Martin Cham, Wilson Cham, Edwin Cham and Bernard Cham,

<sup>12</sup> *Id.* at 225–226.

<sup>13</sup> *Id.* at 143–149. The Order in Special Proceeding No. 95-74267 dated March 3, 2008 was penned by Judge Ruben Reynaldo G. Roxas of Regional Trial Court, Branch 12, Manila.

<sup>14</sup> *Id.* at 148.

<sup>15</sup> *Id.* at 150–158.

<sup>16</sup> *Id.* at 159–167.

<sup>17</sup> *Id.* at 368–374.

<sup>18</sup> *Id.* at 220–227.

<sup>19</sup> *Id.* at 260–264.

<sup>20</sup> *Id.* at 262.

grandnephews and grandnieces of the decedent, from further participating in the instant proceedings.<sup>21</sup>

Oppositors moved for reconsideration of the November 22, 2012 Order, arguing once more that the second Motion for Summary Judgment lacked the requisite attachments under the Rules.<sup>22</sup> The oppositors further insisted on the existence of material issues regarding Teng Hui and James' own right to inherit from Allen Cham, given that the latter was allegedly an illegitimate child of the parties' common ascendant, Cham Sam Co.<sup>23</sup>

The trial court denied the oppositors' Motion for Reconsideration and their Supplemental Motion in an Omnibus Order dated July 30, 2013. The trial court reasoned that any issues regarding Teng Hui and James' right to inherit would not preclude a *partial* summary judgment resolving the same issue with respect to oppositors, especially when the facts on record give basis for their exclusion.<sup>24</sup>

WHEREFORE, the foregoing premises considered, Motion for Reconsideration dated January 2, 2013; (2) Supplemental Motion for Reconsideration dated January 10, 2013; and (3) Motion to Strike Out Opposition Filed by Petitioners Cham Teng Hui and James Cham dated March 12, 2013, all filed by Oppositors Wilson Cham, et al., are all DENIED for lack of merit.<sup>25</sup>

Thus, oppositors filed a Petition for *Certiorari* under Rule 65 dated October 8, 2013 before the Court of Appeals.<sup>26</sup> Oppositors argued that the Regional Trial Court committed grave abuse of discretion amounting to lack or excess of jurisdiction when it issued its Order dated November 22, 2012 and its Omnibus Order dated July 30, 2013.

Oppositors submitted a Memorandum on January 14, 2015, arguing that the parties' respective pleadings proved the existence of a material issue on which of them had the right to inherit from Allen Cham. This same issue was recognized in the trial court's Pre-Trial Orders, even after subsequent amendments. Oppositors then insist on their right to inherit from Allen Cham's estate as representatives of their father, who was Allen Cham's nephew.<sup>27</sup> As such, oppositors argued that establishing their right to represent their father in Allen Cham's estate required presentation of evidence during trial.<sup>28</sup> Finally, oppositors reiterated the alleged procedural infirmities in the second Motion for Summary Judgment, which should

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<sup>21</sup> *Id.* at 263.

<sup>22</sup> *Id.* at 292–293.

<sup>23</sup> *Id.* at 273–274.

<sup>24</sup> *Id.* at 292–296. The Omnibus Order in Special Proceeding No. 95-74267 dated July 30, 2013 was penned by Presiding Judge Ruben Reynaldo G. Roxas of Branch 12, Regional Trial Court, Manila.

<sup>25</sup> *Rollo*, p. 296.

<sup>26</sup> *Id.* at 297–320.

<sup>27</sup> *Id.* at 598–599.

<sup>28</sup> *Id.* at 603.

have allegedly resulted in its denial.<sup>29</sup>

In their Memorandum filed on January 14, 2015, Teng Hui and James argued that the oppositors availed of the wrong remedy because a final order in a special proceeding may only be questioned through appeal under Rule 109 of the Rules of Court.<sup>30</sup> In any event, they argued that the trial court correctly excluded oppositors from participating in Allen Cham's estate given the evidence on record. According to them, not only were oppositors properly excluded by more proximate relatives, they also cannot claim any right of representation because the same right does not extend to grandnephews and grandnieces.<sup>31</sup> As regards the alleged procedural infirmity in their second Motion for Summary Judgment, Teng Hui and James argued that the trial court had discretion to rule on the Motion based on pleadings, supporting affidavits, depositions, and admissions on file.<sup>32</sup>

Pending the Court of Appeals Decision, however, the parties entered into a Compromise Agreement on April 6, 2015,<sup>33</sup> which sought to settle their respective claims, counterclaims, and causes of action<sup>34</sup> in Allen Cham's estate. The Compromise Agreement tabulated the properties from Allen Cham's estate that "[Teng Hui and James] shall give the [o]ppositors"<sup>35</sup> in exchange for the oppositors' waiver of "any and all rights, claims, causes of action, or interests whatsoever in the Estate of Allen Cham[,]"<sup>36</sup> and their recognition of "[Teng Hui and James'] hereditary rights to the Estate of Allen Cham."<sup>37</sup>

The parties then moved for the issuance of a judgment based on the Compromise Agreement, which the Regional Trial Court rendered on April 22, 2015.<sup>38</sup> Adopting the provisions of the Compromise Agreement, the dispositive portion of the April 22, 2015 Judgment provides, as follows:

WHEREFORE, finding the terms and conditions of the Compromise Agreement not contrary to law, public order, public policy, morals and good customs, the same is hereby approved and a decision in accordance therewith is hereby rendered. The parties are hereby enjoined to adhere to it and comply with all its terms and conditions. Accordingly, this Court orders the following:

- a. China Banking Corporation (Sto. Cristo Branch), East West Bank (Sto. Cristo Branch), and/or all other banks where Allen

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<sup>29</sup> *Id.* at 605.

<sup>30</sup> *Id.* at 565.

<sup>31</sup> *Id.* at 568–569.

<sup>32</sup> *Id.* at 571.

<sup>33</sup> *Id.* at 645–651.

<sup>34</sup> *Id.* at 646.

<sup>35</sup> *Id.*

<sup>36</sup> *Id.* at 648

<sup>37</sup> *Id.*

<sup>38</sup> *Id.* at 654–664. The Judgment in Special Proceeding No. 95-74267 dated April 22, 2015 was penned by Presiding Judge Ruben Reynaldo G. Roxas of Branch 12, Regional Trial Court, Manila.

Cham and the Estate of Allen Cham has bank accounts:

- i. SHALL IMMEDIATELY ALLOW THE WITHDRAWAL by Administrators Cham Teng Hui and James L. Cham of the following amounts for the purpose of issuing checks as payment of the Settlement Amounts, namely:
  1. PHP21,000,000.00 for William Cham;
  2. PHP24,000,000.00 for the Heirs of Lee Cham Say except Philip Cham, specifically:
    - 2.1. PHP4,000,000.00 payable to Edward Cham
    - 2.2. PHP4,000,000.00 payable to John Cham
    - 2.3. PHP4,000,000.00 for Charlie Cham, a.k.a. Charles Cham Say, payable to Charles Chamsay Jr., pursuant to the Special Power of Attorney executed by Charles Chamsay dated November 10, 2014
    - 2.4. PHP4,000,000.00 for the Heirs of Joseph Cham, payable to Lolita Cham Say for her (PHP1,000,000.00), for Dennis Cham (PHP1,000,000.00), for Lucianne Cham (PHP1,000,000.00), for Wallace Chamsay (PHP1,000,000.00), pursuant to the Special Power of Attorney executed by Dennis Cham, Lucianne Cham and Wallace Chamsay dated February 9, 2015.
    - 2.5. PHP4,000,000.00 for the Heirs of Helen Cham, payable to Karen Ting a.k.a. Karen Ting Ong for her (PHP1,000,000.00); for Patricia Ting (PHP1,000,000.00), for Erwin Ting (PHP1,000,000.00), pursuant to the Special Power of Attorney executed by Patricia Ting and Erwin Ting dated June 6, 2014, for Cheryl Ting Yu (PHP1,000,000.00), pursuant to the Special power of Attorney executed by Cheryl Ting Yu dated March 2, 2015
    - 2.6. PHP4,000,000.00 for the Heirs of Jimmy Cham, payable to Cham Lim Lian Huy for her (PHP1,333,333.33), for Nelson Cham (PHP1,333,333.33), pursuant to the Special Power of Attorney executed by Nelson Cham dated March 9, 2015, for Jeremy Cham (PHP1,333,333.33), pursuant to the Special Power of Attorney executed by Jeremy Cham dated March 14, 2015.
  3. PHP16,000,000.00 for the Teresa Cham Group payable to Paul S. Cham for Teresa Cham (PHP8,000,000.00) pursuant to the Special Power of Attorney executed by Teresa Cham dated December 12, 2006, for Tian Ping Cham, a.k.a. Cham Tian Pink (Php8,000,000.00), pursuant to the Special power of Attorney executed by Cham Tian Ping dated December 12, 2006;

- ii. SHALL IMMEDIATELY ALLOW THE WITHDRAWAL by Administrators Cham Teng Hui and James L. Cham of the amounts for the payment of administrator's fees, attorney's fees, legal fees, and costs of suit. The remaining balance in the bank accounts will then be divided equally among the Petitioners named in the Compromise Agreement.
- b. The Registry of Deeds of Marikina, the City of Marikina, the Bureau of Internal Revenue – Revenue District Office No. 45, and all other relevant government units and instrumentalities, SHALL IMMEDIATELY IMPLEMENT the transfer of ownership of the parcel of land covered under Transfer Certificate of Title No. 174898 issued by the Registry of Deeds for the Province of Rizal, containing an area of around three thousand four hundred forty three square meters and forty square decimeters (3,443.40 square meters), to Philip Cham, as is where is, upon Philip Cham's full payment of the registration, transfer taxes, and all fees and costs in connection with the transfer of the Marikina Property.
- c. Administrators Cham Teng Hui and James Cham SHALL SET ASIDE the amount of PHP10,500,000.00 to answer for any claims that may be awarded to the Wilson Cham Group; and
- d. China Banking Corporation (Sto. Cristo Branch), East West Bank (Sto. Cristo Branch), and/or all other banks where Allen Cham and the Estate of Allen Cham has bank accounts, in case of a final and executory decision by a court of competent jurisdiction declaring that the Wilson Cham Group is not entitled to any share in the Estate of Allen Cham, SHALL IMMEDIATELY ALLOW THE WITHDRAWAL by Administrators Cham Teng Hui and James L. Cham, of the Reserve Amount, to be divided equally among the Petitioners named in the Compromise Agreement.
- e. The Petitioners named in the Compromise Agreement SHALL SUBMIT a project of partition covering the non-cash properties of the Estate of Allen Cham, shares of stock and all other properties (except the Marikina Property), within 90 das from receipt of this Judgment.

SO ORDERED.<sup>39</sup>

However, the Court of Appeals subsequently issued the assailed Decision dated December 10, 2015, which granted the oppositors' Petition for *Certiorari*.<sup>40</sup>

The Court of Appeals ruled that the Regional Trial Court "hastily rendered summary judgment" despite the issue of heirship being proper for trial and requiring the presentation of evidence.<sup>41</sup> Further, the Court of

<sup>39</sup> *Rollo*, pp. 662–664.

<sup>40</sup> *Id.* at 10–19.

<sup>41</sup> *Id.* at 17.

Appeals ruled that Teng Hui and James failed to clearly demonstrate “the absence of any genuine issues of fact,” as required of them by the Rules on Summary Judgment.<sup>42</sup>

WHEREFORE, premises considered, the instant petition is hereby GRANTED. The challenged orders dated November 22, 2012 and July 30, 2012 issued by Branch 12 of the Regional Trial Court of Manila in Special Proceeding No. 95-74267 are hereby REVERSED and SET ASIDE. Resultantly, the court a quo’s order dated March 3, 2008 is hereby REINSTATED.

The case is REMANDED to the court a quo for further proceedings and adjudication of the case on the merits.

The Court of Appeals similarly denied Teng Hui and James’ subsequent Motion for Reconsideration, finding no compelling reason to reverse its December 10, 2015 Decision.<sup>43</sup>

Before this Court, petitioners Teng Hui and James (collectively, “petitioners”) filed a Petition for Review on *Certiorari* under Rule 45,<sup>44</sup> arguing that (1) oppositors Wilson and Bernard (collectively, “respondents”) availed of the wrong remedy in assailing the Omnibus Order dated July 30, 2013; and (2) the Court of Appeals committed grave error in ruling that there exists a genuine issue for trial in the intestate proceedings before the Regional Trial Court.

According to petitioners, the Omnibus Order “effectively excluded [r]espondents from participating in the Estate Case” upon finding that “they are not lawful heirs.” As such, the Omnibus Order allegedly “determine[d] who are the lawful heirs of a deceased person” and amounted to a “final order or judgment” that affected respondents’ substantial rights. Thus, petitioners claim that the proper remedy was an appeal under Rule 109 of the Rules of Court.<sup>45</sup>

Petitioners further argue that the Court of Appeals mistakenly ruled on the existence of a genuine issue for trial because the parties’ stipulations and admissions established that: (a) respondents’ father predeceased Allen Cham “by around 27 years”; (b) respondents are collateral relatives of Allen Cham within the 4<sup>th</sup> civil degree; and (c) petitioners are Allen Cham’s collateral relatives within the 3<sup>rd</sup> civil degree, there allegedly ceased to be any material issue to be determined regarding respondents’ right to inherit from Allen Cham.<sup>46</sup>



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<sup>42</sup> *Id.* at 17–18.

<sup>43</sup> *Id.* at 21.

<sup>44</sup> *Id.* at 27–48.

<sup>45</sup> *Id.* at 33–34.

<sup>46</sup> *Id.* at 37.

In view of these allegedly established facts, petitioners argue that their status as 3<sup>rd</sup> degree relatives excluded respondents, as 4<sup>th</sup> degree relatives, from inheriting from Allen Cham. Further, petitioners argue that respondents did not have any right to represent their father in inheriting from Allen Cham because the right of representation “takes place only in favor of the decedent’s nephews and nieces.”<sup>47</sup>

In response, respondents argue that petitioners’ contentions have been rendered moot by the April 6, 2015 Compromise Agreement, which the Regional Trial Court had already used as basis for ordering the release of Allen Cham’s properties to most of the oppositors.<sup>48</sup>

Respondents reiterate that the Court of Appeals validly reversed the trial court’s November 22, 2012 Order. They insist that petitioners’ second Motion for Summary Judgment was procedurally defective for failure to attach the necessary documents supporting their claims.<sup>49</sup> Further, respondents argue that the parties’ contentions regarding the issue of heirship require the presentation of evidence during trial, regardless of the matters stipulated upon or admitted.<sup>50</sup>

Finally, petitioners’ Reply recognizes the existence of the Compromise Agreement but argues that the same agreement had nothing to do with the facts establishing respondents’ exclusion from the intestate proceedings. Petitioners argue that the Compromise Agreement only sets aside a maximum amount from Allen Cham’s estate that may be used to answer for any possible claims that the trial court may award to respondents during the intestate proceedings. However, petitioners insist that the Compromise Agreement does not, in any way, recognize the respondents’ right to participate in the intestate proceedings.<sup>51</sup> Petitioners then conclude their Reply by reiterating the same arguments contained in their Petition for Review on *Certiorari*.

This Court must now resolve whether the Court of Appeals validly reversed and set aside the Regional Trial Court’s Order granting the second Motion for Summary Judgment of petitioners Cham Teng Hui and James L. Cham. Examining the propriety of this reversal requires a finding on whether there were any genuine issues that remained proper for trial.

Likewise, the parties’ arguments call into question whether or not the Compromise Agreement dated April 6, 2015 validly resolved the issue of heirship and the distribution of the decedent’s estate.

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<sup>47</sup> *Id.* at 37–39.

<sup>48</sup> *Id.* at 635.

<sup>49</sup> *Id.* at 654–664.

<sup>50</sup> *Id.* at 637–638.

<sup>51</sup> *Id.* at 696–698.

Finally, petitioners question whether respondents Wilson P. Cham and Bernard P. Cham properly resorted to a Petition for *Certiorari* in questioning the Regional Trial Court's summary judgment on respondents' right to participate in the intestate proceedings.

We deny the Petition.

The Petition raises questions of law that may be resolved by applying the prevailing rules on the issuance of summary judgment and on the handling of special proceedings for the settlement of a decedent's intestate estate.

## I

The Court of Appeals correctly reversed the Regional Trial Court's partial summary judgment because there remained a genuine issue on who among the parties had the right to inherit from Allen Cham.

*Philippine Business Bank v. Chua*<sup>52</sup> defines summary judgment as “a procedural technique” for quickly resolving a case “[w]hen the pleadings on file show that there are no genuine issues of fact to be tried”:

A summary judgment, or accelerated judgment, is a procedural technique to promptly dispose of cases where the facts appear undisputed and certain from the pleadings, depositions, admissions and affidavits on record, or for weeding out sham claims or defenses at an early stage of the litigation to avoid the expense and loss of time involved in a trial. *When the pleadings on file show that there are no genuine issues of fact to be tried, the Rules allow a party to obtain immediate relief by way of summary judgment*, that is, when the facts are not in dispute, the court is allowed to decide the case summarily by applying the law to the material facts.<sup>53</sup> (Citations omitted; emphasis supplied)

*Heirs of Morales v. Agustin*,<sup>54</sup> citing *Spouses Evangelista v. Mercator Finance Group*<sup>55</sup> and *Spouses Pascual v. First Consolidated Rural Bank*,<sup>56</sup> teaches that a genuine issue arises when one party asserts substantial basis for disputing or contesting the matters pleaded by another:

In *Evangelista vs. Mercator Finance Corp.*, the Court has already defined a genuine issue as an issue of fact which calls for the presentation of evidence, as *distinguished from an issue which is fictitious or contrived, set up in bad faith and patently unsubstantial* so as not to constitute a

<sup>52</sup> 649 Phil. 131 (2010) [Per J. Brion, Third Division].

<sup>53</sup> *Id.* at 141.

<sup>54</sup> 832 Phil. 795 (2018) [Per J. Reyes, Jr., Second Division].

<sup>55</sup> 456 Phil. 695 (2003) [Per J. Puno, Third Division].

<sup>56</sup> 805 Phil. 488 (2017) [Per J. Bersamin, Third Division].

genuine issue for trial. According to *Spouses Pascual vs. First Consolidated Rural Bank (Bohol), Inc.*, where the facts pleaded by the parties are disputed or contested, proceedings for a summary judgment cannot take the place of a trial.<sup>57</sup> (Citations omitted; emphasis supplied)

Particularly, a petition for issuance of letters of administration tasks the Regional Trial Court with ascertaining which of the parties are competent to serve as administrator,<sup>58</sup> as well as the party "best entitled" to the management and preservation of the decedent's estate.<sup>59</sup>

*Saguinsin v. Lindayag*<sup>60</sup> teaches that in determining the appointment of an administrator, an interested person must show how they would benefit from the estate—as an heir, creditor, or otherwise. In *Saguinsin*, a decedent's sibling applied for letters of administration, which was promptly contested by the decedent's surviving spouse and adopted children. In view of their competing claims of interest in the decedent's estate, the trial court set the case for hearing and eventually ruled in favor of the surviving spouse after considering the parties' respective evidence.

The question to be resolved in this appeal is whether petitioner is "an interested person" in the estate of the deceased Maria V. Lindayag.

According to Section 2, Rule 80 of the Rules of Court, a petition for letters of administration must be filed by an "interested person". *An interested party has been defined in this connection as one who would be benefited by the estate, such as an heir, or one who has a claim against the estate, such as a creditor* (Intestate Estate of Julio Magbanwa 40 O.G. 1171). And it is well settled in this jurisdiction that in civil actions as well as special proceedings, the interest required in order that a person may be a party thereto must be material and direct, and not merely indirect or contingent. (*Trillana vs. Crisostomo*, G.R. No. L-3378, August 22, 1951; *Espinosa vs. Barrios*, 70 Phil. 311)

*Petitioner's interest in the estate of the deceased Maria V. Lindayag was disputed*, through a motion to dismiss her petition, by the surviving spouse on the ground that said deceased was survived by him and by three legally adopted children — thus excluding petitioner as an heir. *In the course of the hearing held in connection with said motion, evidence was introduced in support thereof which according to the lower court, established that said deceased was survived not only by her husband but three legally adopted children named Jesus, Concepcion, and Catherine, all surnamed Lindayag.*<sup>61</sup> (Emphasis supplied)

Therefore, *Saguinsin* illustrates that opposing claims on the supposed heirs' respective rights to inherit may create a genuine issue for trial when these claims have valid basis.

<sup>57</sup> *Heirs of Morales v. Agustin*, 832 Phil. 795, 808 (2018) [Per J. Reyes, Jr., Second Division].

<sup>58</sup> RULES OF COURT, Rule 78, sec. 1.

<sup>59</sup> RULES OF COURT, Rule 79, sec. 5.

<sup>60</sup> 116 Phil. 1193 (1962) [Per J. Dizon, *En Banc*].

<sup>61</sup> *Id.* at 1195–1196.

Here, petitioners sought to have themselves appointed administrators of Allen Cham's estate by claiming interest as the decedent's purported nephews.<sup>62</sup> Subsequently, respondents, as purported relatives of Allen Cham, filed interventions and oppositions, claiming to be children of Allen Cham's nephews.<sup>63</sup> In the ensuing exchange of pleadings following petitioners' first Motion for Summary Judgment, petitioners argued that respondents' status as 4<sup>th</sup> degree collateral relatives would result in their exclusion due to the existence of 3<sup>rd</sup> degree collateral relatives and the absence of representation in the collateral line past the children of the decedent's brothers and sisters.<sup>64</sup> Meanwhile, respondents argued that Allen Cham's status as an illegitimate child of the parties' common ancestor, Cham Sam Co, would similarly prevent petitioners from inheriting under Article 992 of the Civil Code.<sup>65</sup>

Clearly, the parties forwarded substantial claims regarding their respective rights to inherit from Allen Cham, which should have been decided in a full-blown trial to afford a just resolution to all parties involved. Summary judgment was, therefore, inappropriate.

## II

By issuing a summary judgment, the trial court dispatched with the necessary determination of the heirs' civil status, and instead, admitted the parties' supposed stipulations on their respective rights as heirs.

We note that the trial court initially denied summary judgment because the parties had yet to prove their respective status as heirs.<sup>66</sup> However, it subsequently granted summary judgment after petitioners filed a second Motion, citing respondents' statements in their pleadings and their stipulations in its amended Pre-Trial Orders, which allegedly established petitioners' right to inherit in exclusion of the respondents.<sup>67</sup>

*De Asis v. Court of Appeals*<sup>68</sup> discusses that under Article 2305 of the Civil Code, the civil status of persons, which includes "the existence of filiation," cannot be the subject of compromise:

*Petitioner contends that the aforesaid manifestation, in effect admitted the lack of filiation between him and the minor child, which admission binds the complainant, and since the obligation to give support*

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<sup>62</sup> *Rollo*, pp. 107–108.

<sup>63</sup> *Id.* at 117.

<sup>64</sup> *Id.* at 96–97.

<sup>65</sup> *Id.* at 225–226.

<sup>66</sup> *Id.* at 147–148.

<sup>67</sup> *Id.* at 262.

<sup>68</sup> 362 Phil. 515 (1999) [Per J. Purisima, Third Division].

is based on the existence of paternity and filiation between the child and the putative parent, the lack thereof negates the right to claim for support. Thus, petitioner maintains that the dismissal of the Complaint by the lower court on the basis of the said manifestation bars the present action for support, especially so because the order of the trial court explicitly stated that the dismissal of the case was with prejudice.

The petition is not impressed with merit.

....

*In the case at bar, respondent minor's mother, who was the plaintiff in the first case, manifested that she was withdrawing the case as it seemed futile to claim support from petitioner who denied his paternity over the child. Since the right to claim for support is predicated on the existence of filiation between the minor child and the putative parent, petitioner would like us to believe that such manifestation admitting the futility of claiming support from him puts the issue to rest and bars any and all future complaint for support.*

....

It is true that in order to claim support, filiation and/or paternity must first be shown between the claimant and the parent. *However, paternity and filiation or the lack of the same is a relationship that must be judicially established and it is for the court to declare its existence or absence. It cannot be left to the will or agreement of the parties.*<sup>69</sup> (Emphasis supplied; citations omitted)

Subsequently, *Uy v. Chua*<sup>70</sup> applied *De Asis* and nullified a compromise agreement, which stipulated on the parties' respective statuses as the decedents' heirs.

*The Compromise Agreement between petitioner and respondent, executed on 18 February 2000 and approved by RTC-Branch 9 in its Decision dated 21 February 2000 in Special Proceeding No. 8830-CEB, obviously intended to settle the question of petitioner's status and filiation, i.e., whether she is an illegitimate child of respondent. In exchange for petitioner and her brother Allan acknowledging that they are not the children of respondent, respondent would pay petitioner and Allan P2,000,000.00 each. Although unmentioned, it was a necessary consequence of said Compromise Agreement that petitioner also waived away her rights to future support and future legitime as an illegitimate child of respondent. Evidently, the Compromise Agreement dated 18 February 2000 between petitioner and respondent is covered by the prohibition under Article 2035 of the Civil Code.*

....

It is settled, then, in law and jurisprudence, that the status and filiation of a child cannot be compromised. Public policy demands that there be no compromise on the status and filiation of a child. *Paternity*

<sup>69</sup> *Id.* at 521–523.

<sup>70</sup> 616 Phil. 768 (2009) [Per J. Chico-Nazario, Third Division].

*and filiation or the lack of the same, is a relationship that must be judicially established, and it is for the Court to declare its existence or absence. It cannot be left to the will or agreement of the parties.*

Being contrary to law and public policy, the Compromise Agreement dated 18 February 2000 between petitioner and respondent is void *ab initio* and vests no rights and creates no obligations. It produces no legal effect at all. The void agreement cannot be rendered operative even by the parties' alleged performance (partial or full) of their respective prestations.<sup>71</sup> (Citations omitted; emphasis supplied)

Thus, the parties' Compromise Agreement, which stipulated on their relationship to the decedent, as reflected in the waiver of "any and all rights, claims, causes of action, or interests whatsoever in the Estate of Allen Cham[,]” and in the recognition of “[p]etitioners' hereditary rights to the Estate of Allen Cham[,]”<sup>72</sup> is void for being contrary to law and public policy. Likewise, the trial court should not have relied solely on the parties' own allegation in deciding the heirs' civil status with respect to their relation to the decedent, as “such cannot be left to the will or agreement of the parties.”<sup>73</sup>

The trial court committed grave abuse of discretion, amounting to lack or excess of jurisdiction, by allowing summary judgment and foregoing its duty to appreciate the parties' evidence in support of their claims as purported heirs. Thus, the Court of Appeals correctly reversed the Regional Trial Court's Order and Omnibus Order for excluding respondents from all proceedings regarding Allen Cham's estate.

### III

*Philippine Business Bank v. Chua* discusses the scope of Rule 35, Section 4 of the Rules of Court, which provides for a summary judgment that does not fully adjudicate all matters before the issuing court:

*The rendition by the court of a summary judgment does not always result in the full adjudication of all the issues raised in a case.* For these instances, Section 4, Rule 35 of the Rules provides:

Section 4. *Case not fully adjudicated on motion.* — If on motion under this Rule, judgment is not rendered upon the whole case or for all the reliefs sought and a trial is necessary, the court at the hearing of the motion, by examining the pleadings and the evidence before it and by interrogating counsel shall ascertain what material facts exist without substantial controversy and what are actually and in good faith controverted. It shall thereupon make an

<sup>71</sup> *Id.* at 780–781.

<sup>72</sup> *Rollo*, p. 648.

<sup>73</sup> *Uy v. Chua*, 616 Phil. 768, 781 (2009) [Per J. Chico-Nazario, Third Division].

order specifying the facts that appear without substantial controversy, including the extent to which the amount of damages or other relief is not in controversy, and directing such further proceedings in the action as are just. The facts so specified shall be deemed established, and the trial shall be conducted on the controverted facts accordingly.

This is what is referred to as a partial summary judgment. A careful reading of this section reveals that a partial summary judgment was *never intended to be considered a "final judgment," as it does not "[put] an end to an action at law by declaring that the plaintiff either has or has not entitled himself to recover the remedy he sues for."* The Rules provide for a partial summary judgment as a means to *simplify* the trial process by allowing the court to focus the trial only on the assailed facts, considering as established those facts which are not in dispute.

After this sifting process, the court is instructed to issue an order, the partial summary judgment, which specifies the disputed facts that have to be settled in the course of trial. In this way, the *partial summary judgment is more akin to a record of pre-trial, an interlocutory order, rather than a final judgment.*<sup>74</sup> (Citations omitted; emphasis supplied)

Here, the assailed Orders of the Regional Trial Court did not specify which matters remained for trial but categorically excluded the respondents "from further participating in the instant proceedings."<sup>75</sup> Notably, the assailed Orders similarly failed to state whether petitioners have been appointed as administrators of Allen Cham's estate, consistent with petitioners' prayer in their initial petition.<sup>76</sup> Thus, the Regional Trial Court has clearly failed to render conclusive judgment on the entirety of the proceedings before it.

Despite the interlocutory nature of partial summary judgments, however, *Philippine Business Bank v. Chua* denied the petitioner's Petition for *Certiorari* because their allegations of error did not fall within the remedy's limited scope of review:

*Contrary to PBB's contention, however, certiorari was not the proper recourse for respondent Chua. The propriety of the summary judgment may be corrected only on appeal or other direct review, not a petition for certiorari, since it imputes error on the lower court's judgment. It is well-settled that certiorari is not available to correct errors of procedure or mistakes in the judge's findings and conclusions of law and fact. As we explained in Apostol v. Court of Appeals:*

As a legal recourse, the special civil action of *certiorari* is a limited form of review. *The jurisdiction of this Court is narrow in scope; it is restricted to resolving errors of jurisdiction, not errors of judgment. Indeed, as long as the courts below act within their jurisdiction,*

<sup>74</sup> 649 Phil. 131, 141–142 (2010) [Per J. Brion, Third Division].

<sup>75</sup> *Rollo*, p. 263.

<sup>76</sup> *Id.* at 66–67.

alleged errors committed in the exercise of their discretion will amount to mere errors of judgment correctable by an appeal or a petition for review.

In light of these findings, we affirm the CA's ruling that the partial summary judgment is an interlocutory order which could not become a final and executory judgment, notwithstanding respondent Chua's failure to file a *certiorari* petition to challenge the judgment. Accordingly, the RTC grievously erred when it issued the writ of execution against respondent Chua.<sup>77</sup> (Citations omitted; emphasis supplied)

Here, however, the Court of Appeals granted the respondents' Petition for *Certiorari* because the lower court ignored its duty to decide the pending matters on civil status based on evidence adduced during trial. Instead, the trial court admitted the parties' stipulations as basis for deciding who among them may qualify as Allen Cham's heirs. For emphasis, the parties' respective rights to inherit "cannot be left to the will or agreement of the parties."<sup>78</sup> Thus, the trial court gravely abused its discretion, amounting to lack or excess of jurisdiction, as defined in *Litton Mills, Inc. v. Galleon Trader, Inc.*<sup>79</sup>

An act of a court or tribunal may only be considered as committed in grave abuse of discretion when the same was performed in a capricious or whimsical exercise of judgment which is equivalent to lack of jurisdiction. *The abuse of discretion must be as patent and gross as to amount to all evasion of positive duty or to a virtual refusal to perform a duty enjoined by law, or to act at all in contemplation of law, as where the power is exercised in an arbitrary and despotic manner by reason of passion or personal hostility. . . .*<sup>80</sup> (Emphasis supplied)

The circumstances here illustrate grave abuse of discretion by the trial court when it rendered summary judgment in disregard of its legal duty to ascertain the basis for the parties' status with respect to the decedent, despite the valid issues raised. Likewise, the Orders for reversal were interlocutory, as they had yet to fully dispose of all incidents in the estate settlement case. Thus, the Court of Appeals correctly reversed and set aside the Regional Trial Court's Orders through a Petition for *Certiorari* under Rule 65.

#### IV

A simple Petition for Issuance of Letters of Administration initiated these proceedings in 1995. However, to date, neither the records nor the parties' submissions have established the appointment of an administrator for Allen Cham's estate.

<sup>77</sup> 649 Phil. 131, 184–149 (2010) [Per J. Brion, Third Division].

<sup>78</sup> *Uy v. Chua*, 616 Phil. 768, 781 (2009) [Per J. Chico-Nazario, Third Division].

<sup>79</sup> *Litton Mills, Inc. v. Galleon Trader, Inc.*, 246 Phil. 503 (1988) [Per J. Padilla, Second Division].

<sup>80</sup> *Id.* at 509–510.

Instead, the trial court rendered a summary judgment deciding the parties' rights to inherit and immediately excluded respondents from participating, despite the scope of the proceedings being limited to determining the parties' respective interests in serving as the estate's administrator. In so doing, the Regional Trial Court did not only lose sight of its duties in determining who is best qualified to manage and administer the estate, but also skipped over several crucial steps in the judicial settlement of an intestate estate.

*Reyes v. Ysip*<sup>81</sup> ruled that the determination of who may inherit is proper only after all debts, obligations, and claims against the estate have been settled:

1. *In distribution proceedings the stage at which the determination of the persons entitled to inherit may be made is after, not before, the payment of all debts, funeral charges, . . . is effected.* (Capistrano vs. Nadurata, 46 Phil. 726; Lopez vs. Lopez, 37 Off. Gaz., 3091; Jimoga-on vs. Belmonte, 47 Off. Gaz., [3] 1119; 2 Moran, Comments on the Rules of Court, 1952 ed., p. 488.) This is the express provision of section 1 of Rule 91. So that the submission of evidence to determine the persons who are entitled to share in the residue of the estate, for the purpose of *including them in what is known as the order of declaration of heirs, is towards the last stage of the distribution proceedings, after the debts, charges and expenses of administration, etc., have been paid.*<sup>82</sup> (Emphasis supplied)

The rules for the judicial settlement of an intestate estate reflect *Reyes*' ruling by providing for the procedures that follow the appointment of an administrator:

### RULE 83

#### Inventory and Appraisal. Provision for Support of Family

**Section 1.** *Inventory and appraisal to be returned within three months.* — Within three (3) months after his appointment every executor or administrator shall return to the court a true inventory and appraisal of all real and personal estate of the deceased which has come into his possession or knowledge. In the appraisal of such estate, the court may order one or more of the inheritance tax appraisers to give his or their assistance.

.....

### RULE 86

#### Claims Against Estate

**Section 1.** *Notice to creditors to be issued by court.* — Immediately after granting letters testamentary or of administration, the court shall issue a notice requiring all persons having money claims against the decedent to file them in the office of the clerk of said court.

<sup>81</sup> 97 Phil. 11 (1955) [Per J. Labrador, First Division].

<sup>82</sup> *Id.* at 13.

**Section 2.** *Time within which claims shall be filed.* — In the notice provided in the preceding section, the court shall state the time for the filing of claims against the estate, which shall not be more than twelve (12) not less than six (6) months after the date of the first publication of the notice. However, at any time before an order of distribution is entered, on application of a creditor who has failed to file his claim within the previously limited, the court may, for cause shown and on such terms as are equitable, allow such claim to be filed within a time not exceeding one (1) month.

**Section 3.** *Publication of notice to creditors.* — Every executor or administrator shall, immediately after the notice to creditors is issued, cause the same to be published three (3) weeks successively in a newspaper of general circulation in the province, and to be posted for the same period in four public places in the province and in two public places in the municipality where the decedent last resided.

.....

#### **RULE 88**

##### **Payment of the Debts of the Estate**

**Section 1.** *Debts paid in full if estate sufficient.* — If, after hearing all the money claims against the estate, and after ascertaining the amount of such claims, it appears that there are sufficient assets to pay the debts, the executor or administrator pay the same within the time limited for that purpose.

.....

#### **RULE 90**

##### **Distribution and Partition of the Estate**

**Section 1.** *When order for distribution of residue made.* — When the debts, funeral charges, and expenses of administration, the allowance to the widow, and inheritance tax, if any, chargeable to the estate in accordance with law, have been paid, the court, on the application of the executor or administrator, or of a person interested in the estate, and after hearing upon notice, shall assign the residue of the estate to the persons entitled to the same, naming them and the proportions, or parts, to which each is entitled, and such persons may demand and recover their respective shares from the executor or administrator, or any other person having the same in his possession. If there is a controversy before the court as to who are the lawful heirs of the deceased person or as the distributive shares to which each person is entitled under the law, the controversy shall be heard and decided as in ordinary cases.

No distribution shall be allowed until the payment of the obligations above mentioned has been made or provided for, unless the distributees, or any of them, give a bond, in a sum to be fixed by the court, conditioned for the payment of said obligations within such time as the court directs.

Thus, proof of the parties' rights to inherit, while relevant in determining their interest in serving as administrator, should not have excluded a party from all proceedings regarding the estate. Any order for



the exclusion or inclusion of heirs is proper only after the debts, obligations, and claims against the estate have been settled.

The settlement of a decedent's intestate estate follows specific procedures for the protection of all persons who may hold an interest in its just and timely settlement. All involved are enjoined to strictly follow these procedures and to resolve with utmost dispatch all pending matters relevant to the settlement of Allen Cham's estate.

**ACCORDINGLY**, the Petition for Review on *Certiorari* is **DENIED**. The Court of Appeals Decision dated December 10, 2015 and Resolution dated May 12, 2016 in CA-G.R. SP No. 132182 are **AFFIRMED**. This case is ordered **REMANDED** to the Regional Trial Court for further proceedings regarding the administration, management, and settlement of the intestate estate of Allen Cham.

**FURTHER**, the Regional Trial Court's Judgment adopting the Compromise Agreement dated April 6, 2015 is hereby **REVERSED and SET ASIDE** for being based on a **VOID** compromise.

**SO ORDERED.**



**MARVIC M.V.F. LEONEN**  
Senior Associate Justice

WE CONCUR:

  
**AMY C. LAZARO-JAVIER**  
Associate Justice

  
**MARIO V. LOPEZ**  
Associate Justice

  
**JHOSEP Y. LOPEZ**  
Associate Justice

  
**ANTONIO T. KHO, JR.**  
Associate Justice

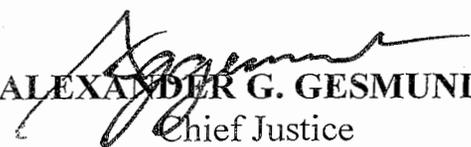
**ATTESTATION**

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

  
**MARVIC M.V.F. LEONEN**  
Senior Associate Justice  
Chairperson

**CERTIFICATION**

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

  
**ALEXANDER G. GESMUNDO**  
Chief Justice