Title:
Boyer-Roxas vs. Heirs of Eugenia V. Roxas, Inc.

Facts:
1. **Formation of Heirs of Eugenia V. Roxas, Inc.**: After the death of Eugenia V. Roxas, her heirs, including petitioners Rebecca Boyer-Roxas and Guillermo Roxas, incorporated the respondent corporation on December 4, 1962. The purpose was to manage inherited properties primarily for agricultural purposes, later expanding to include resort business operations in 1971.

2. **Ownership and Improvements**: The corporation managed the Hidden Valley Springs Resort, where various structures including staff houses, recreational halls, swimming pools, and other amenities were built using corporate funds. Rebecca Boyer-Roxas and Guillermo Roxas occupied some of these structures.

3. **Occupancy Tolerance and Demand to Vacate**: The petitioners' occupancy of residential houses and other structures was initially tolerated by the corporation, attributed to the consent given by Eufrocino Roxas, a controlling stockholder. However, following a Board Resolution on August 27, 1983, the corporation decided to eject the petitioners to facilitate expansion and proper operation of the resort.

4. **Ejectment Proceedings**: The corporation filed separate complaints for ejectment at the Regional Trial Court of Laguna against the petitioners. The cases were consolidated and tried jointly.

5. **Lower Courts' Decisions**: The RTC ruled in favor of the corporation, ordering the petitioners to vacate the premises and pay reasonable rent from September 10, 1983. Additionally, an unresolved building had to be removed within 90 days.

6. **Appeal and Supreme Court Decision**: The Court of Appeals upheld the RTC's decision. Following a failed motion for reconsideration, the petitioners escalated the case to the Supreme Court, arguing primarily on three points: piercing the veil of corporate fiction, denial of due process due to alleged negligence of their counsel, and the good faith in constructing the unfinished building.

Issues:
1. **Corporate Fiction**: Should the corporate veil of Heirs of Eugenia V. Roxas, Inc. be pierced, considering the petitioners' co-ownership claims and historical family control?

2. **Due Process**: Were the petitioners denied due process because of the gross negligence of their counsel, which purportedly caused their failure to present evidence and attend hearings?
3. **Good Faith Building**: Should Rebecca Boyer-Roxas be asked to remove the unfinished building considering her claim that it was built in good faith using her personal funds?

Court's Decision:
1. **Corporate Fiction**:
– **Ruling**: The Supreme Court dismissed the argument to pierce the veil of corporate fiction. The corporation is a separate legal entity, and the petitioners cannot claim ownership over specific properties despite being stockholders.
– **Reasoning**: The corporation owns the properties separate from the shareholders. The petitioners' occupancy was by tolerance, subject to revocation.

2. **Due Process**:
– **Ruling**: The Court ruled that the petitioners were not denied due process.
– **Reasoning**: Notices for hearings were properly served, and failure to attend was attributed to the petitioners' inaction. The blamed negligence of their counsel did not amount to a denial of due process. They had the opportunity to replace their lawyer if they found him ineffective but failed to do so.

3. **Good Faith Building**:
– **Ruling**: The Court found merit in the claim that Rebecca Boyer-Roxas was a builder in good faith.
– **Reasoning**: Since the construction was tolerated by the corporation and financed by the petitioners, the situation is governed by Articles 448 and 453 of the Civil Code. Hence, the corporation must either compensate for the value of the improvements or allow continued occupation with reasonable rent terms.

Doctrine:
Corporate Fiction and Ownership:
– The legal distinction between a corporation and its shareholders should be observed. Properties of a corporation cannot be claimed by shareholders individually (Stockholders of F. Guanzon and Sons, Inc. v. Register of Deeds of Manila).

Good Faith Construction:
– Builders in good faith who construct on another's property are entitled to either monetary

compensation or to purchase the land at a reasonable price (Articles 448 and 453 of the Civil Code).

Class Notes:
– **Corporate Law**: **Distinct Corporate Personality** – A corporation is a distinct legal entity from its shareholders, who are not owners of corporate properties.
– **Property Law**: **Good Faith Builders** – Builders in good faith are protected under Articles 448 and 453 of the Civil Code.
– **Procedural Law**: **Due Process and Representation** – A client's obligations and their counsel's incompetence do not automatically invalidate adversarial decisions when due notice and opportunities to rectify the situation were given.

Historical Background:
The case elucidates the complexity of balancing corporate structure and individual shareholder rights, especially within family-operated corporations, which illustrate common conflicts in such entities. It highlights the importance of adhering to corporate norms while addressing personal claims rooted in familial relationships and historical management practices.