

FLORENTINO GENATO, FRANCISCO GENATO, AND GENATO COMMERCIAL CORPORATION, PETITIONERS, VS. FELISA GENATO DE LORENZO, RESPONDENT.

G.R. No. L-24983. May 20, 1968

Ponente: REYES, J. B. L., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/0b293422edb5/>

REYES, J. B. L., J.:

Appeal by certiorari from a judgment of the Court of Appeals in its Case CA-G. R. No. 28052-R, that reversed that of the Court of First Instance of Manila, ordering the cancellation of Certificates of Stock Nos. 118 and 119 of the Genato Commercial Corporation and the issuance of another in lieu thereof in the name of the Administrator of the Estate of Simona B. Vda. de Genato.

The decision under appeal states the background facts and issues to be as follows:

"The Genato Commercial Corporation is a family corporation, founded by the spouses Vicente Genato and Simona D. de Genato. The spouses had six children named Francisco, Florentino, Manuel, Carmen, Felisa and Juan all surnamed Genato. As of March 26, 1928, Simona B. de Genato had 430 shares of stock, par value P100.00 per share, represented by share certificate No. 7 signed by Vicente Genato, President, and Simona B. de Genato, Secretary-Treasurer.

"On December 23, 1942, a majority of the members of the Board of Directors composed of Francisco G. Genato, President, Simona B. Vda. de Genato, Director and Secretary-Treasurer, and Florentino Genato, Vice-President and Director, held a meeting at 1075-1079 R. Hidalgo, Manila, at which Florentino Genato, was elected and designated Assistant Secretary-Treasurer of the Corporation. The reason for said election and designation appears in the minutes of the meeting of the Board (Exhibit 1) which reads as follows:

'MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE GENATO COMMERCIAL CORPORATION

Held on the 23rd day of December, 1942, at 1075-1079 R. Hidalgo, Manila

"There were present at the meeting the following directors:

Simona B. Vda. de Genato

Francisco G. Genato

Florentino Genato

Absent: Carmen Genato Luz and Felisa Genato Lorenzo

'Mr. Francisco G. Genato presided over the meeting and Mr. Florentino Genato acted as Secretary and kept the minutes of the proceedings.

'Doña Simona Vda. de Genato explained that due to her advanced age it is more convenient that Florentino

Genato, now Vice-President of the corporation, act as Assistant Secretary-Treasurer as, as a matter of fact, he has heretofore been acting as such, since the work is rather strenuous. Thereupon, Doña Simons Vda. de Genato moved, seconded by the Chairman, that:

'RESOLVED, that Mr. Florentino Genato be elected and designated Assistant Secretary-Treasurer of the Corporation.

'The above resolution was unanimously carried.

'At this point the chairman invited the attention of the Board that it might be advisable to reward the services of Mr. Elpidio Villamiel by giving him a bonus of one share of stock of the corporation out of the Treasury stock, considering that the par value thereof is only P100.00. On motion duly made and seconded, it was

'RESOLVED, That the corporation gives as it does hereby give and grant unto Mr. Elpidio Villamiel a bonus of one share of stock of the par value of P100.00 out of the Treasury stock of the corporation, for faithful services rendered, hereby authorizing the officers of the corporation to issue unto him the corresponding stock certificate.

'There being no further business the meeting was adjourned.

'(Sgd.) FLORENTINO GENATO

Secretary of the meeting

'(Sgd.) FRANCISCO G. GENATO

Chairman of the meeting.'

"Four or five days thereafter, Florentino Genato as Assistant Secretary-Treasurer cancelled share certificates Nos. 7 and 18 and in lieu thereof issued share certificate No. 118 for 265 shares in favor of Florentino Genato and share certificate No. 119 for 265 shares in favor of Francisco G. Genato.

"The new share certificates were not presented in evidence; they were merely mentioned by Florentino Genato in the course of his testimony as a witness called by the plaintiff later on as a witness for the defendants.

"Simona B. Vda. de Genato having died shortly after liberation, an intestate proceeding of her estate (Special Proc. 71546, Court of First Instance, Manila) was filed. The inventory (Exhibit D), which did not include the shares in litigation, presented in the proceeding by Francisco G. Genato as special administrator dated March 1, 1946 showed that the value of the estate left by the decedent was approximately P39,806.58.

"On July 8, 1948, the Philippine Trust Company, judicial administrator of the intestate estate, and the legal heirs Manuel Genato, Felisa Genato de Lorenzo and Juan Genato filed the complaint in the case at bar to recover from the other two legal heirs, Florentino Genato and Francisco G. Genato, the 530 shares of stock in order that they may be included in the inventory of the intestate estate of their deceased mother and in due course distributed among all the surviving children of the decedent. In their answer, the defendants Florentino Genato and Francisco G. Genato alleged that they had acquired the ownership of the 530 shares by simple donation from their mother.

"The trial court found that defendants Francisco G. Genato and Florentino Genato had acquired the ownership of the 530 shares by simple donation from their widowed mother on December 25, 1942. From the judgment dismissing the complaint, plaintiff Felisa Genato de Lorenzo appealed.

"Appellant contends that there was no simple donation of the 530 shares in litigation. We find the contention meritorious in view of the following considerations:

"(1) There is no clear, satisfactory and convincing evidence of the alleged simple donation of the shares in

litigation having a par value of P53,000.00. Florentino Genato, as a witness called by the plaintiffs and subsequently as a witness for the defendants, substantially testified that on December 25, 1942, Juan Camus, an employee of the Corporation, came to see him at the Royal Market located on Echague Street and told him that his mother wanted to see him; that he immediately left and saw his mother at the residence at the back part of the premises of the Corporation situated on R. Hidalgo Street; that his mother delivered to him the two (2) share certificates Nos. 7 and 18, already indorsed; that is, with the blank spaces of the indorsement already filled by typewriter and her signature already affixed at the bottom of the indorsement and that his mother told him 'transfer them'; that two or three days later as Assistant Secretary-Treasurer of the Corporation, he cancelled share certificates Nos. 7 and 18 and issued in lieu thereof the new share certificates No. 118 in favor of Florentino Genato for 265 shares and No. 119 in favor of Francisco G. Genato for 265 shares.

"The indorsement appearing on the back of share certificate No. 7 (which is identical, except as to the number of shares, to that appearing on the back of share certificate No. 18), with the typewritten words filling the blank spaces indicated by underlines, reads as follows:

'For value Received, I hereby sell, assign and transfer unto Florentino Genato and Francisco G. Genato, his heirs, administrators and legal representatives, the Shares of the Capital stock represented by the within Certificate, and all rights, interests, participations and privileges represented thereby, and do hereby irrevocably constitute and appoint Genato Commercial Corporation to transfer the said Stock on the books of the within corporation with full power of substitution in the premises.

'Date December 25, 1942

(Sgd.) S. VDA. de GENATO

(Signature of Owner)

Signed in the presence of

(Sgd.) Juan Camus"

Finding that there had been neither consideration for the sale of shares nor valid donation of the same, due to lack of proper acceptance and non-compliance with statutory requirements, and that the appeal of respondent Felisa Genato de Lorenzo inured to the benefit of her other co-plaintiffs, the Court of Appeals, as previously related, in-validated the transfer of the shares to Florentino and Francisco Genato, and decreed that said stock remained a part of the estate of the transferor.

For the brief of appellants, the following errors are assigned:

1. Respondent and respondent-appellee failed to prove by preponderance of evidence that there was fraud committed by petitioners in the transfer of the shares of stock in their names.
2. There has been no showing that the transfer made by Simona B. Vda. de Genato of her shares of stock to petitioners was not made validly and regularly.
3. The evidence shows that there was a simple donation made by Simona B. Vda. de Genato in favor of the herein petitioners Florentino Genato and Francisco Genato; and
4. The Judgment of the lower court became final with respect to the other plaintiffs who did not appeal therefrom.

We find the appeal without merit.

With respect to the first two errors assigned, it is immaterial that the evidence did not show any fraudulent machinations on the part of appellants to secure the consent of their mother to the transfer of the shares, if the

uncontested evidence of record showed that the transfer was not supported by valid causa or consideration which in itself is a ground for invalidating the transaction. It was so charged by the plaintiffs in the Court of First Instance and expressly so found by the Court of Appeals. This finding being one of fact, reached after consideration of the evidence, is binding upon this Court. In addition, it is confirmed by the petitioner's own claim that their mother's shares in the corporation were donated to them, and not sold, as recited by the indorsement of Certificates Nos. 7 and 18 of the Genato Commercial Corporation.

Granting that even private transactions are to be presumed fair and regular, the presumption is only prima facie, and must yield to evidence. By his own testimony, Florentino Genato showed that the indorsement of the shares can not be taken literally, and that it was used to disguise a different factual situation. Hence, the presumption invoked, by appellants can not apply, since they have themselves avowed the existence of a simulation.

The key question, therefore, is whether there has been a valid donation as appellants claim. The Court of Appeals concluded that there was none, and we find no reason to overturn the opinion thus reached. Assuming, *ad arguendo*, that the late Simona Vda. de Genato gave the Certificates of Stock Nos. 7 and 18 to Florentino with instructions to transfer the same to him and his brother, this act did not constitute a valid manual donation in law for lack of proper acceptance (Civ. Code of 1889, Art. 630). Incontestably, one of the two donees was not present at the delivery, and there is no showing that he, Francisco Genato, had authorized his brother, Florentino to accept for both of them. As pointed out by Manresa in his Commentaries to the Civil Code of 1889 (Vol. V, 6th edition, pp. 131-132, 141-142), the delivery by the donor and the acceptance by donee must be simultaneous, and the acceptance by a person other than the true donee must be authorized by a proper power of attorney set forth in a public document. None has been claimed to exist in this case.

Since by appellants' own version, the donation intended was a Joint one to both donees, one could not accept independently of his co-donee, for there is no accretion among donees unless expressly so provided (Art. 637) or unless they be husband and wife.

There being neither valid donation, nor sale, the cancellation of the original certificates of stock as well as the issuance of new certificates in the name of Florentino and Francisco Genato was illegal and improper for lack of valid authority. It is a consequence of this that the shares in question are deemed never to have ceased to be property of their mother, Simona B. de Genato, and must be considered still forming part of the assets of her estate.

It is finally contended by appellants that as appellee Felisa Genato de Lorenzo was the only one who appealed from the decision of the Court of First Instance upholding the transaction, her appeal can not inure to the benefit of the other children of Simona de Genato.

This contention would be plausible if the interest of each child or descendant had been susceptible of individual delimitation. But as the estate of the mother is still pending liquidation, the interest of each heir can not be deemed independent of that of the others. As correctly declared by the Court of Appeals, the interests of all the heirs are so interwoven as to become inseparable, and the appeal by one heir prevented the appealed decision from becoming final as to the others. Hence, reversal of the Court of First Instance decision as to one heir is reversal as to all of them (*Municipality of Orion vs. Concha*, 50 Phil. 679).[1] Actually, none of the plaintiff heirs attempted to have himself declared owner of any portion of the shares in question. They could not do so, since the necessities of the liquidation of their mother's estate might require the eventual disposition of all or part of the shares to strangers in order to meet obligations of the estate.

PREMISES CONSIDERED, the decision of the Court of Appeals is affirmed. Costs against petitioners-appellants.

Concepcion, C.J., Dizon, Makalintal, Zaldivar, Sanchez, Castro, and Angeles, JJ., concur.

[1] See also: Castillo vs. Teodoro, L-10486, Nov. 27, 1957; Unsay vs. Judge Muñoz Palma, L-17712, May 31, 1965.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.