

Title: The Holy See vs. The Hon. Eriberto U. Rosario, Jr., et al.

Facts:

The Holy See entered into a real estate transaction involving a parcel of land (Lot 5-A) in Parañaque, Metro Manila, with private respondent Starbright Sales Enterprises, Inc., which led to a legal dispute. The property, acquired as a donation for the purpose of constructing the official residence of the Papal Nuncio, became subject to a contract to sell with Ramon Licup, subsequently assigned to Starbright. Disagreements arose primarily over the responsibility for evicting squatters from the property, leading to the Holy See's eventual sale of the land to Tropicana Properties and Development Corporation, sidelining Starbright. Starbright then filed a complaint for annulment of the sale, specific performance, and damages against the Holy See and other parties involved. The Holy See's motions to dismiss the complaint, citing sovereign immunity, were denied by the Regional Trial Court, prompting the petition for certiorari to the Supreme Court.

Issues:

1. Whether the Holy See is immune from suit under the principle of sovereign immunity.
2. Whether the act of entering into a real estate transaction constitutes a commercial activity (*act jure gestionis*) or a sovereign act (*act jure imperii*).

Court's Decision:

The Supreme Court granted the petition for certiorari, dismissing the complaint against the Holy See. It was held that the Holy See enjoys sovereign immunity and that its engagement in the real estate transaction was in pursuit of a sovereign activity - the establishment of an official residence for the Papal Nuncio. The court differentiated between *acts jure imperii* and *acts jure gestionis*, concluding that the sale of Lot 5-A was not for profit but for a governmental purpose. The petition's procedural aspect under Rule 65 of the Revised Rules of Court was also addressed, allowing for the bypassing of traditional remedies due to the clear merit of the immunity claim. The decision was buttressed by a certification from the Department of Foreign Affairs affirming the Holy See's diplomatic immunity, which the court accepted as conclusive.

Doctrine:

The Supreme Court reiterated the doctrine of sovereign immunity, specifically applying the

restrictive theory, which distinguishes between sovereign acts (*jure imperii*) and commercial acts (*jure gestionis*). It emphasized that a foreign state's engagement in a commercial activity does not automatically divest it of sovereignty immunity, particularly when the act is not undertaken for gain or profit but for a sovereign purpose.

Class Notes:

- **Sovereign Immunity**: A principle whereby a sovereign state cannot be sued in the courts of another state without its consent. This case demonstrates the application of the restrictive theory of sovereign immunity, distinguishing between acts performed by a state in its sovereign capacity and those undertaken in a commercial context.
- **Act Jure Imperii vs. Act Jure Gestionis**: The judgment elucidates the differentiation between sovereign acts (*jure imperii*), which are immune from jurisdiction of local courts, and commercial acts (*jure gestionis*), which are not. The nature and purpose of the act, rather than its form, determine its character.
- **Role of the Department of Foreign Affairs**: The case highlights the procedural mechanism where the executive branch's determination of a foreign state's immunity claim is conclusive upon the judiciary, emphasizing the separation of powers and non-interference in matters involving diplomatic relations.

Historical Background:

The dispute involved the Vatican, an entity with a unique status in international law, engaging in a real estate transaction in the Philippines. The case illustrates the complexities when sovereign entities enter into commercial dealings and the balance between respecting sovereign immunity and addressing grievances arising from such transactions.