731 PHIL. 609

THIRD DIVISION

[G.R. No. 199022, April 07, 2014]

MAGSAYSAY MARITIME CORPORATION, PETITIONER, VS. OSCAR D. CHIN, JR., RESPONDENT.

D E C I S I O N

ABAD, J.:

The Facts and the Case

Thome Ship Management Pte. Ltd., acting through its agent petitioner Magsaysay Maritime Corporation (Magsaysay) hired respondent Oscar D. Chin, Jr. to work for nine months as able seaman on board MV Star Siranger.[1] Chin was to receive a basic pay of US$515 per month.[2] Magsaysay deployed him on July 20, 1996.

On October 22, 1996 Chin sustained injuries while working on his job aboard the vessel. Dr. Solan of Wilmington, North Carolina, USA, examined him on November 29, 1996 and found him to have suffered from lumbosacral strain due to heavy lifting of pressurized machine. The doctor gave him medications and advised him to see an orthopedist and a cardiologist. Chin was repatriated on November 30, 1996.

On return to the Philippines, Chin underwent a surgical procedure called laminectomy and discectomy L-4-L-5. A year after the operation, Dr. Robert D. Lim of the Metropolitan Hospital diagnosed Chin to have a moderate rigidity of his tract.

On August 6, 1998 Chin filed a claim for disability with Pandiman Phils., Inc. which is the local agent of P & I Club of which Magsaysay Maritime is a member. Pandiman offered US$30,000.00 as disability compensation which Chin accepted on August 6, 1998. He then executed a Release and Quitclaim in favor of Magsaysay Maritime.

On September 29, 1998 Chin filed a complaint with the National Labor Relations Commission (NLRC), claiming underpayment of disability benefits and attorney's fees. He later amended his complaint to include claims for damages.

The Labor Arbiter dismissed Chin's complaint for lack of merit. The NLRC affirmed the dismissal on May 17, 2001. On appeal, however, the Court of Appeals (CA) reversed the dismissal and ruled that Chin was entitled to permanent total disability benefit of US$60,000.00. The CA remanded the case to the Labor Arbiter for determination of the other monetary claims of Chin. This prompted petitioner Magsaysay to come before this court on a petition for review on *certiorari.* The Court denied the petition, however, in a Resolution dated September 8, 2003. This Resolution became final and executory on February 23, 2004.

On September 28, 2004 petitioner Magsaysay paid the deficiency award of US$30,000.00 in full and final settlement of Chin's disability compensation claim.

On February 26, 2007, however, the Labor Arbiter rendered a Decision ordering it to pay Chin: a) P19,279.75 as reimbursement for medical expenses; b) US$147,026.43 as loss of future wages; c) P200,000.00 as moral damages; d) P75,000.00 as exemplary damages; and e) 10% of the total award as attorney's fees.

On November 25, 2008 the NLRC modified the Labor Arbiter's Decision by deleting the awards of loss of future wages and moral and exemplary damages for lack of factual and legal bases. On appeal, the CA reversed the NLRC's Decision and ordered the reinstatement of the Labor Arbiter's Decision, hence, this petition.

The Issue Presented

The key issue in this case is whether or not the CA erred in affirming the Labor Arbiter's award of loss of future earnings on top of his disability benefits as well as awards of moral and exemplary damages and attorney's fees.

Ruling of the Court

Respondent Chin contends that the petition should be dismissed on the ground of *res judicata* in that the CA's Decision in CA-G.R. SP 67803 authorized the determination of Chin's other monetary claims. The additional award to him of actual, compensatory, moral and exemplary damages as well as attorney's fees was a determination of those other claims. These awards, he claims, can no longer be disturbed.

But *res judicata* applies to second actions involving substantially the same parties, the same subject matter, and cause or causes of action.[3] Here, there is no second action to speak of since the subsequent awards were merely the result of a remand from the CA for the Labor Arbiter to determine the amounts to which Chin is entitled to receive aside from the full US$60,000.00 permanent total disability compensation.

Definitely, the Labor Arbiter's award of loss of earning is unwarranted since Chin had already been given disability compensation for loss of earning capacity. An additional award for loss of earnings will result in double recovery. In a catena of cases,[4] the Court has consistently ruled that disability should not be understood more on its medical significance but on the loss of earning capacity. Permanent total disability means disablement of an employee to earn wages in the same kind of work, or work of similar nature that he was trained for or accustomed to perform, or any kind of work which a person of his mentality and attainment could do. Disability, therefore, is not synonymous with "sickness" or "illness." What is compensated is one's incapacity to work resulting in the impairment of his earning capacity.[5]

Moreover, the award for loss of earning lacks basis since the Philippine Overseas Employment Agency (POEA) Standard Contract of Employment (POEA SCE), the governing law between the parties, does not provide for such a grant. What Section 20, paragraph (G) of the POEA SCE provides is that payment for injury, illness, incapacity, disability, or death of the seafarer covers "all claims arising from or in relation with or in the course of the seafarer's employment, including but not limited