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COVID-19: Hotel/Resort/Hospitality

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How are hotels dealing with reservation cancellations due to travel disruptions caused by the Coronavirus outbreak?

National hotel franchisors are providing regular Coronavirus updates to their customers, loyalty reward program participants, and to their franchisees. Informal surveys of hospitality industry clients reveal that most are taking their lead on how to deal with room reservation cancellations from their franchisors. Most national hotel flags already provide liberal cancellation protections to their customers. Those policies remain in place and in many cases are being made more customer friendly. For example, Hilton announced on March 12, 2020 that all reservations – even those described as “non-refundable” – that are scheduled for arrival before April 30, 2020 can be changed or cancelled at no charge up to 24-hours before scheduled arrival. The same policy will apply to any new reservations booked between March 12 and April 30, 2020. Hilton also announced that they will pause the expiration of loyalty program points between March 12 and May 31, 2020. Other national hotel chains have announced similar policies to preserve relations with their customer bases.

Should hotels waive conference cancellation fees?

Hotel operators should look first to the conference contract provisions dealing with cancellation to determine their rights. Unforeseeable events like the Coronavirus outbreak that cause disruption in travel or result in governmental entities invoking bans on large gatherings to prevent the spread of disease may fall under a force majeure clause in a contract. The occurrence of a force majeure event would be grounds for cancellation without penalty. Force majeure clauses are narrowly construed by most courts so operators should be familiar with the enumerated events in the clause. Events such as “acts of God” could invite differing interpretations by contract parties. Acts of God are most often interpreted to be natural disaster events, but a cancelling party might argue that a pandemic also falls into that category. Obviously, if the contract includes epidemics, diseases or public health emergencies as enumerated force majeure events, a cancelling party may invoke the clause as the reason for cancellation. Actions by governments may be included as a defined force majeure event. A travel ban, or a ban on large gatherings making contract performance an impossibility, could constitute legitimate grounds for cancellation of a conference that contains actions by governmental entities as an enumerated force majeure event. Whether a customer may invoke a force majeure clause in cancelling a scheduled conference will depend on the specific wording of the force majeure clause. Regardless of the wording of contract provisions, hotel operators should expect parties

seeking a waiver of contractual cancellation fees to invoke contract performance defenses such as frustration of contract purposes, impossibility of performance, and similar defenses. Hotel operators should also consider customer relation and reputation consequences in deciding whether to waive cancellation fees.

Are hotels enacting housekeeping precautions to protect customers?

Housekeeping practices take on greater importance during an outbreak like the Coronavirus. Hotel operators are being encouraged by their franchisors to increase the frequency of cleaning in public areas of their hotel properties. Lobbies, public restrooms, elevators, door handles, and frequently used surfaces should receive more frequent cleaning with disinfectants. Many hotels are deploying antibacterial hand sanitizers in numerous and conspicuous locations. Housekeeping staff should be briefed on best practices and the hotel protocols for cleaning of guest rooms and public areas should be reviewed to ensure they are thorough and adequately provide for mitigation of the spread of disease. Special care should be taken to clean and disinfect light switch plates, remote controls, touch screens, and door handles in guest rooms and throughout the hotel. Hotels with workout facilities should ensure that disinfectant wipes are readily available for guest use in wiping down exercise machines and equipment.