

NEWSLETTERS

ARRRRGH!: No End In Sight For Pesky Housing Pirates

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With a busy marketplace and attendees striving for the best deal, many groups have fallen prey to the efforts of companies contacting their attendees and exhibitors under the guise of the group to sell them hotel rooms at a lower rate for the group's meeting. These so called "housing pirates" are back with quite a vengeance and their tactics have become increasingly more aggressive in noting that they are calling "on behalf of the group". While it is critical to send housing pirate a "cease and desist" regarding their unauthorized actions, it is equally important to notify attendees and exhibitors of the tactics of these companies and remind them of the proper channels for reserving hotel rooms for their conference.

Groups hosting meetings and conventions have been accustomed to being the only one to market and to reserve housing for their meeting attendees, many groups have unwanted "helpers" – namely, housing companies soliciting their attendees for hotel room reservations without the group's authorization. These so called housing "pirates" and their aggressive solicitation tactics are most unwelcome and financially damaging. So what can groups do to address and to combat these room block pirates?

The Problem

Typically, room block pirates contact the group's attendees and exhibitors via telephone or email. In such communications, they frequently state or imply to the person that they are calling on the group's behalf to secure hotel rooms for them for the conference. They will refer to the conference city and often the conference hotels and use aggressive sales tactics such as telling the person that the room block is nearly sold out, that they need to reserve their rooms now, etc.

Unfortunately, many organizations which are contacted by these pirates fall prey to their aggressive sales tactics. They will give the pirates their credit card information and complete room block reservation forms. At some point in following this process, many organizations realize that this process might not be run by the group hosting the conference. When they realize this fact, they often contact the group and are quite upset that they gave sensitive information to the pirates.

Further, the pirates may or may not have actually reserved rooms for the organization. If they have reserved rooms, often the terms of such reservations are less favorable than they would be if the organization had booked such rooms through the group or its authorized housing agent.

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For example, the rooms may have onerous prepayment and cancellation terms which, once finalized by the organization by way of the pirates' housing forms, cannot be modified. In other instances, the pirate has not made hotel room reservations for the organization and it is not until the organization attempts to confirm their reservations or check in at the hotel when they discover this fact. Again, all of this results in much unhappiness of the organization.

The Solution

Communication with the Pirates

It is important for the group to provide notice of the pirate's communication to its attorney. Typically, there is a legal basis for the attorney to send the pirate a "cease and desist" letter on the group's behalf. The legal basis for such demand often is that the pirate is misrepresenting itself as the group's agent and that the pirate has infringed on the group's trademark (if they used the group's name or logo). The attorney's letter should demand that the pirate cease all communications with attendees. This cease and desist letter should then ask the company to sign a letter of agreement to that it will in fact cease such conduct.

The challenge in these situations from a legal standpoint, however, is that these pirates are often savvy enough to avoid a trademark infringement claim. Rather than using the group's name and logo, they might simply say to an attendee, "Are you going to [CITY NAME] for the conference?" That way, they avoid use of the group's trademark but still give the attendee the impression that they are calling on behalf of the group. Other legal arguments, such as intentional interference with contracts, may be difficult and costly to prove. Thus, it's often the case that the group's legal options are limited leaving only business options such as those outlined below.

Communication with Attendees and Exhibitors

I often tell clients in the face of such pirate situations a well-known sports saying: the best defense is a good offense. That is, the best thing the group can do if the pirates are contacting their attendees or exhibitors is to communicate with the attendees early and often about these pirates. It is important in such communication that the group advises that there may be companies which contact them to assist in making their reservations, that these companies are not authorized by the group, and provide them with the information as to the only authorized housing agent of the group. Here's a sample communication:

*****Housing Alert: Annual Conference in CITY, STATE*****

In order to ensure the success of the Annual Conference & Expo in CITY, Group has negotiated and secured hotel rooms at three hotels in CITY which are conveniently located within walking distance to the Convention Center: HOTEL NAMES. Please note that Group and its service partners do not solicit hotel room reservations via telephone, email or fax. Group has recently been notified that there is a company which is soliciting conference attendees by telephone and email and is offering to make hotel room reservations for them. Please note that Group has no affiliation to this company and cannot ensure the integrity of the reservations process. Instead, attendees should coordinate their own

hotel reservations directly through one of Group's official conference hotels.

Communication with Hotels

The group should also notify the hotels contracted for its conference of the existence of the pirates. The hotels can often assist the group with confirming whether reservations made via pirates have been accepted and may also be able to terminate distribution channels which permit the pirate to receive lower room rates.

It is also important that the group ensure that it will get credit for all room nights utilized by its attendees regardless of rates paid or method of reservation. This would include any rooms which are booked by pirates. The group should work with the hotel to compare its registration list with the hotel's guest list to ensure all room nights are properly credited. Such calculations will have an impact in terms of complimentary rooms, commission/rebates and attrition fees.

With a careful eye on the horizon, meeting professionals can be prepared to respond to these housing pirates and ensure that housing reservations for their meetings are handled appropriately by both attendees and hotels.

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