



The Role of Contract Law in the Tourism Industry

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Explore the importance of contract law in the tourism industry, focusing on agreements between service providers (e.g., travel agencies, airlines, hotels) and consumers.

INTRODUCTION

Tourism is an important economic activity, a source of income and its impact on economic growth and employment in Bulgaria is undoubted. Tourism is becoming an increasingly important factor for the citizens of European countries, linked to their lifestyle and personal interests. There is a close link between historical traditions, cultural and natural heritage and tourism, which makes it an element of the European Community's sustainable development. Tourism develops and promotes a common European model of values and makes it possible to implement some of the fundamental European values - the free movement of people, the movement of goods and the movement of capital.

For Bulgarian tourism in particular, the long-term goal is for our country to become recognizable and preferred by Bulgarian and foreign tourists, to establish itself as a destination for sustainable and safe tourism. The ambition is for tourism to be one of the leading sectors of the national economy, making efficient use of the available resources not only to increase national income and provide good employment, but also to create conditions for the preservation of the natural environment and cultural and historical heritage. Over the past decades, tourism activities in the country have continued to develop and diversify to adapt to the increased standards and expectations of consumers, and the tourism industry remains one of the most dynamic

and rapidly growing sectors of the economy. The defining role of the tourism industry in the national and global economy poses a number of challenges for the Bulgarian State, including its legislation, given the need to establish an adequate and comprehensive legal framework. Our country's accession to the other Member States of the European Union has led to the introduction of higher requirements and entirely new criteria for the activities of the various units of the tourism industry and for the performance of individual tourism activities - tour operator and travel agent activities, hotel and restaurant activities, the provision of additional tourism services, etc. At the same time, over the last two decades the tourism market has undergone significant changes. In addition to traditional methods, the Internet and online technologies have become an increasingly preferred means of offering and selling travel services. This trend makes it necessary to adapt the regulatory framework to the current factual realities with 5 to facilitate the functioning of the European market and improve legal certainty for consumers and traders.

Methodology:

In order to solve the pursued tasks and to achieve the set objectives, the monograph uses not only general philosophical methods, but also methods specific to legal science: the **systematic method**, in which the legal 6 phenomena are considered in their mutual relationship and dependence and according to their place in the legal system, the formal-logical, historical, comparative law method, as well as the **general scientific methods** of research such as deduction and induction, analysis and

synthesis. The topicality of the topic stems, on the one hand, from the lack of comprehensive scientific development in this area and, on the other hand, from the changing legal framework - since 1990 the laws and regulations governing the implementation of tourism activities have been repeatedly amended and supplemented.

The **main subject** of the study is the legal framework in force in the country, but at the same time some provisions adopted in the legislation of other European countries are also traced. The **scientific novelty** of the monographic study is that on the basis of the principles and postulates of the legal theory and the current Bulgarian legislation an attempt is made for a more comprehensive analysis of the main characteristics of the normative regulation of relations in tourism. The **theoretical significance** of the monograph lies in the fact that the conclusions and conclusions formulated in it can serve as a scientific basis for further development of the theory of normative-legal regulation of tourism. The **practical significance** of the study is determined by the fact that the explanations, interpretations and comments contained therein can be used in teaching the course "Normative-legal framework of tourism" to students of the same specialty, as well as in training administrative officials holding positions in the executive authorities, authorized in the field of tourism.

Contract is considered as an agreement which is legally bind with laws and regulations. It came into force when all involved parties agree to the conditions and terms which are specified in it. For example, when a travelling agency like Brightsun

travels provides add-on in travelling package, both customer and travel agent needs to agree on all the add-on's, price, terms and conditions. Any party which broke the contract needs to pay fine to the party which suffered because of this.

Legislations related with contract law are mentioned beneath:

Contracts for supply of goods:

It is an agreement through which a company or supplier assures to supply all the ordered services and goods that a customer needs within specific time and at fixed rates. In UK supply contract is a crucial contract. This contract is followed by Brightsun travel agency and due to this company offers discounted price and other monetary advantages to its customers. It provides right of both Brightsun company and concerned customers.

Contracts for provision of service:

It is an agreement among two individuals or businesses in which one party agrees to deliver a specific service to the other. This agreement is different from a bond as it legally binds both parties which are involved. Brightsun travels use this general service agreement to provide services like transportation, food and accommodation to their potential clients. Brightsun travels also follows Consultant, Artist and child care services to their clients.

Contracts related to holiday package:

Under consumer Law, a holiday package contract is a pre-arranged vacation

which is given in return of inclusive price which involves overnight stay. These contracts are signed by company and customers in which they legally finalize the facilities which are provided by company in return of money. Brightsun travel follow this contract and provide facilities like overnight stay, transportation, service or activity which is not linked with accommodation and transport, accommodation and many more. Company needs to provide three facilities to customers. If these facilities are not provided, company have to face the consequences such as paying heavy fines.

Unfair contracts:

In case of Brightsun travel agency, clauses of this contract indirectly or directly limits the advantages and rights of a customers. Rights which are given to customers in contract law became invalid in these condition. Company or consumers can take advantage of this contract if other party is using unfair means to enjoy the privileges offered in the contract.

Consumer protection legislation in relation to travel and tourism customers

Consumer protection legislation is basically a group of laws and policies which ensures rights of consumers along with trading via fair means. This law protects individuals from unfair practices and frauds which a company adopts to enjoy competitive advantage against rival firms. These laws are formulated and regulated by government to provide welfare to the citizens of UK. Brightsun travel agency follows these laws to gain customers loyalty as these laws ensure safety to customers while dealing and interacting with company. Some of these laws are mentioned beneath:

Trade description Act, 1968:

This Act safeguard rights of consumers from retailers, service industry and manufacturers which can misleads them to gain competitive advantage in business. Providing wrong information about a product or service is a big liability and company needs to face serious consequences and penalties in this case. If employees and managers of Brightsun agency tries to mislead customers by any means, victim customers can take advantage of this act to protect itself for the loss.

Consumer protection Act:

This Act is regulated by UK parliament and safeguards the interest of customers which are dealing and interacting with the company. Consumer councils are established which focus on protecting the rights of consumers. If Brightsun travel agency provides poor services to their customers or charge them extra amount, under this act customer can file a case against the company. This Act guarantees the consumer that amount which they have paid is secure and in return company will provide them expected and desired services.

Package tour regulation, 1992:

This regulation states that holiday firms and tour operators have to follow the rules which are mentioned in booking terms and conditions of the concerned organisation. To get the benefit of this regulation the package given to customer by Brightsun agency must meet aspects like package needs to be sold for sale

in United Kingdom and must be of inclusive price. Also, package should have at least two facilities such as Transportation, accommodation, food and many.

Types of Contracts in the Tourism Industry

a) Travel Agency Contracts

Travel agencies act as intermediaries between consumers and service providers. They may operate:

- ✓ As agents (representing airlines or hotels), or
- ✓ As principals (selling package tours directly)
- ✓ The legal responsibility depends on the agency's role.

b) Airline Passenger Contracts

When purchasing a ticket, passengers enter into a contract of carriage. This contract outlines:

- ✓ Transportation obligations
- ✓ Baggage rules
- ✓ Liability limitations
- ✓ Compensation for delays or cancellations

c) Hotel Accommodation Contracts

A hotel booking creates a contract where the hotel agrees to provide accommodation and the guest agrees to pay. Hotels owe a duty of care regarding safety and property.

d) Package Tour Contracts

Package tours combine transport, accommodation, and other services under a single contract. These are highly regulated because consumers rely on one provider for multiple services.

Conclusion

Contract law is fundamental to the tourism industry because it governs the relationships between service providers and consumers. It ensures accountability, allocates risk, protects consumer rights, and supports commercial certainty. In an industry built on advance payments, international mobility, and complex service networks, contract law is essential for maintaining trust, fairness, and sustainable growth.

The key elements that constitute a valid contract, including offer, acceptance, and consideration.

At the heart of most professional relationships is a contract. If you're striking a

bargain, coming to an agreement, or closing a deal, a contract is what cements the obligations, rights, and duties of all parties involved. And even though contracts are infinitely varied in length, terms, and complexity, all contracts must contain these six essential elements.(Thomson Reuters, March 1,2024,T)

- Offer
- Acceptance
- Awareness
- Consideration
- Capacity
- Legality

When these six elements are present, a contract evolves from a simple agreement to a binding legal document. But if you lack just one of them, a contract may not be enforceable at all. It's helpful to have a contract lifecycle management tool or a contract drafting tool that manages all the elements for you.

1.Contractual offer

All contracts start with desire and responsibility. Someone wants (desires) something, and someone can fulfill (take responsibility for) that want. Known as "the offer," this first essential element encompasses the duties and responsibilities of each party, but must also demonstrate an exchange of value. That value can be money, or it

can relate to a desired action or outcome.

Technically, an offer does not exist until it is received by the requesting party (the offeree). After the offer has been received, it can still be revoked, altered, or terminated at any time before acceptance.(Thomson Reuters, March 1,2024,)

2.Acceptance of the contract

Once the offer is presented, the offeree can decide whether to accept or reject the proposal. The offeree can communicate acceptance either verbally or in writing (including mail or email)*.

Acceptance can take many forms, including:

- Conditional Acceptance
- Acceptance by Action
- Option Agreement

In general, a counteroffer is considered a termination of the original offer, but some circumstances allow for conditional acceptance. For example, the **Universal Commercial Code (UCC)** acknowledges the validity of new conditions to an offer, as long as those conditions are made known to both parties and do not cause surprise or hardship.(Thomson Reuters, March 1,2024,)

Inaction is not considered acceptance for the purposes of a contract. This goes back to a legal tenant established in 19th Century Britain. In that contract case, a man

offering to buy a horse declared that he would consider the horse purchased unless he heard otherwise from the seller. The court determined that assumption cannot create a contract. Acceptance must be explicit; merely taking action on one side (for example, shipping unsolicited materials) is not enough. Both sides must act, but if the actions are explicit and declarative, they will rise to the level of acceptance for the purposes of the contract.(Thomson Reuters, March 1,2024,)

3.Signaling awareness

For a contract to be binding, both parties must first be aware that they are entering into an agreement. Often called “a meeting of the minds,” both parties to a contract must be active participants. They must recognize the contract exists and are freely agreeing to be bound by that document’s obligations.

In fact, contracts can be voided if awareness is not adequately established. For example, if one of the parties signs an agreement under duress or can prove undue influence, fraud, or misrepresentation, the contract will be invalidated. As a result, it is crucial for all parties entering into a contract to clearly and decisively establish that the agreement is genuine and mutual, and that all parties consent to its contents.In short, it’s crucial that both parties know what they’re getting into.(Thomson Reuters, March 1,2024,)

4.Considering the contract

Ultimately the purpose of the contract relates to what it provides: the

consideration. For contractual purposes, consideration includes the value that has been agreed upon, whether that be an action or an item. Property, services, and even protection from harm, are all examples of contractual consideration.

It's important to note that there does not need to be a financial component for consideration to be valid. An agreement of an exchange of services, for example, is enough to meet the legal burden of consideration. The key is that the consideration has an agreed-upon value between the signatories to the contract.(Thomson Reuters, March 1,2024,)

5.Contractual capacity

In simplest terms, an individual cannot sign away their rights. Of course, the reality is a bit more complicated, which is why contract law requires that all signatories demonstrate that they clearly understand the obligations, terms, and consequences of the contract before they sign.The court defines that understanding as “legal capacity,” and each party signing a contract must demonstrate this legal capacity for the contract to be valid.Generally speaking, people who fall into one or more of these categories may not have the legal capacity to validate a contract:(Thomson Reuters, March 1,2024,)

- ✓ Minors
- ✓ Someone with a brain disorder (e.g., dementia)
- ✓ Someone under the influence of drugs or alcohol.
- ✓ Someone without sufficient understanding of the language used in the contract.

6. Legality of the contract

Finally, all contracts are subject to the laws of the jurisdiction in which they operate, including any applicable federal, state, and local laws and ordinances. Obviously, a contract for an illegal action or product cannot be enforced. Even if the parties initially had no knowledge, if their agreement runs afoul of local laws, that lack of awareness is insufficient to overcome the legality burden. It also goes without saying that a contract that involves criminal activity is not valid. (Thomson Reuters, March 1, 2024)

As always, there are nuances. In general, the contract must adhere to the law in the jurisdiction where it's signed. Sometimes state and federal laws are not in alignment, and in those cases, the Contract Clause (Article I, Section 10, Clause 1 of the United States Constitution) will be the guiding authority. In addition, there are certain instances where a contract is no longer legal, including:

Undue Influence, Duress, Misrepresentation:

When any party to the contract signs as a result of coercion, threats, false statements, or improper persuasion

Unconscionability:

When the result of a contract triggers oppressive obligations or produces results that "shock the conscience of the court."

Public Policy and Illegality:

When a contract violates public policy or jeopardizes public welfare

Mistake:

When an error in the contract has a “material effect” upon the obligations and responsibilities initially agreed to

Force Majeure:

When circumstances beyond the control of the parties make it impossible to satisfy the obligations of the contract.(Thomson Reuters, March 1,2024)

Examination of Common Types of Contracts in the Tourism Sector

Contracts in the tourism industry structure the legal relationship between service providers (travel agencies, airlines, hotels, tour operators, cruise companies, and activity providers) and consumers. These contracts allocate rights, responsibilities, risk, and remedies in case of breach. Below is a detailed examination of the most common contractual forms in the sector.

1. Booking Agreements

Booking agreements are the most basic and widespread contracts in tourism. They arise when a customer reserves a service such as a hotel room, airline ticket, cruise cabin, or car rental.

A. Key Features

Offer and acceptance: The service provider offers availability at a stated price; the customer accepts by confirming and paying.

Consideration: Payment (full or deposit).

Terms and conditions: Usually incorporated through written terms or online click-wrap agreements.

B. Typical Clauses

- Price and payment terms
- Cancellation and refund policy
- Check-in/check-out rules (for hotels)
- Baggage limits (for airlines)
- Modification policies
- Overbooking terms

C. Legal Importance

Booking contracts ensure:

- The provider must deliver the promised service.
- The customer must comply with payment and conduct requirements.
- Remedies exist in cases of breach (e.g., non-performance, overbooking).

D. Online Booking Agreements

With digital platforms, booking agreements are commonly formed electronically. Legally binding “click-wrap” agreements require:

- Clear display of terms
- Explicit acceptance
- Transparency of cancellation policies

Online travel agencies (OTAs) may act either:

- As agents (not directly liable), or
- As principals (fully liable for service delivery)
- Liability depends on how the contract defines their role.

2. Package Tour Contracts

A package tour contract combines two or more travel services (transport, accommodation, excursions) sold at an inclusive price.

A. Characteristics

- Single contract covering multiple services
- Organized and sold by a tour operator
- Consumer relies on one entity for overall performance

B. Legal Significance

Package tours are heavily regulated in many jurisdictions because Consumers cannot independently verify each component and The tour operator controls the overall experience. The tour operator may be liable for:

- Failure of hotels or transport providers
- Misrepresentation of itinerary
- Safety issues during included activities

C. Common Clauses

- Detailed itinerary
- Minimum participant requirements
- Substitution of services
- Cancellation by organizer
- Force majeure
- Limitation of liability

D. Consumer Protection

Package travel laws often:

- Provide stronger refund rights

- Require financial protection (e.g., insolvency protection)
- Impose higher disclosure standards

Because of their complexity, package tour contracts represent one of the most legally significant contractual forms in tourism.

3. Liability Waivers and Release Agreements

Liability waivers are commonly used in adventure tourism and recreational activities such as:

- Scuba diving
- Skiing
- Bungee jumping
- Safari tours
- Water sports
- Hiking expeditions

A. Purpose

A waiver attempts to limit or exclude the provider's liability for injuries or accidents.

B. Legal Function

- These agreements:
- Acknowledge inherent risks
- Confirm voluntary participation
- Attempt to release the provider from negligence claims

C. Limitations of Waivers

Courts often scrutinize waivers carefully. They may be unenforceable if:

- They are unclear or ambiguous
- They attempt to exclude liability for gross negligence
- They violate consumer protection laws
- They were not properly explained
- Thus, while waivers reduce risk exposure, they do not provide absolute immunity.

Conclusion

Tourism contracts serve as the legal backbone of the industry. Booking agreements establish service commitments; package tour contracts centralize responsibility; liability waivers manage risk in high-adventure settings; and transportation contracts regulate passenger rights. Together, these contractual forms allocate risk, protect consumers, and provide business certainty. Without clear and enforceable contracts, the tourism sector would struggle with disputes, financial

instability, and reduced consumer confidence.

The legal rights and obligations of parties involved in tourism-related contracts.

The regulation of public relations in tourism is achieved through several different branches of the legal system and their inherent methods of regulation. Thus, issues relating to the preparation and issuance of laws, registration of tour operators and travel agents, the categorisation and certification of tourist sites, the issuance of administrative acts by the competent state authorities and their appeal in due order, the imposition of fines and pecuniary sanctions are of an administrative law nature and are governed by the peremptory method of public law. (Tanya Yoncheva, March 2023)

On the other hand, the offering and implementation of package tours, the provision of basic and additional tourist services such as accommodation, meals, guiding, visa and insurance brokerage to tourists give rise to civil law relations between them and the travel companies. These are relations between equal entities, which are regulated by the conclusion of various types of contracts in the field of private law¹¹. A third group of relationships is also observed. The performance of the main function of conducting a targeted state policy requires the Minister of Tourism to cooperate with a diverse group of stakeholders - tourist associations, tourist area management organizations, industry representatives, the National Tourism Council, regional and municipal administrations. In these cases, the Minister does not act as an authority, since his task is to coordinate and unite the efforts of the actors in the

tourism business, some of which have quite divergent and contradictory interests among themselves. For this reason, the relations between the public authorities and the representatives of the tourism industry are in many cases based on the principle of equality, coordination and coherence.(Tanya Yoncheva,March 2023)

In summary, social relations in tourism that have passed through the prism of legal regulation are defined as tourism legal relations in a broad sense. Participants in them are the above-mentioned public authorities, private law entities and organisations, which interact in the exercise of their rights and obligations. The literature expresses the view that tourism legal relations constitute 'a particular type of production relations related to the production and marketing of the tourism product'. It is clarified that "tourism social relations are interactions between tourism subjects in the process of production of the tourism product and its realization on the tourism market"¹².(Tanya Yoncheva,March 2023)

Real-world examples of contract disputes in tourism and how they were resolved under contract law.

Key Real-World Examples and Resolutions:

Hotel Booking Cancellation Error (Breach of Contract):

A consumer booked a 3-night stay at the Berjaya Times Square Hotel in Kuala

Lumpur, but the hotel cancelled it due to a system error, offering only a downgrade.

Under contract law, this is a breach of the booking agreement, which is typically resolved by the provider offering suitable alternative accommodation (equal or higher standard), a full refund, or compensation for costs incurred to find a new, similar hotel.

Hotel Management Agreement Dispute (Intercontinental Hotels Group v. Shiva Satya Hotels):

A hotel owner terminated a 20-year management contract with IHG, citing poor performance. IHG contested this, seeking to prevent the owner from using their brand. This was resolved through the Singapore International Arbitration Centre according to the dispute resolution clause in the contract, a common method in commercial tourism disputes to handle disagreements over performance standards.

International Jurisdiction Dispute (Sinclair v. Venezia Turismo):

Canadian tourists sued Italian companies in Ontario after an accident, arguing the contract was formed in Ontario. The Supreme Court of Canada had to determine if Ontario courts had jurisdiction over a foreign service provider. The case was resolved by the Court of Appeal finding it improper for the Ontario court to take jurisdiction, highlighting the importance of jurisdictional clauses in international tourism contracts.

Misrepresentation in Travel Packages:

Tourism marketing materials sometimes create "front region" assurances that differ from "back region" terms and conditions. If a travel experience (e.g., a cruise or

resort stay) does not meet the advertised standards, consumers may argue misrepresentation. These are often resolved through consumer protection laws or, if the contract allows, Alternative Dispute Resolution (ADR).

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