

EXPLORING PATENTABLE INNOVATIONS IN THE HOSPITALITY INDUSTRY: OPPORTUNITIES AND CHALLENGES

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Abstract :

The hospitality sector is driven by innovation, which improves hotel, restaurant, and tourist sustainability, guest experiences, and efficiency. Still, patenting these innovations—securing legal protection for fresh, useful, and non-obvious ideas—remains underappreciated. This paper investigates patent viability in hospitality by means of a case study, considering criteria, suggesting examples (e.g., artificial intelligence systems), and weighing advantages and obstacles. Patents offer competitive edges and revenue potential, but high costs (e.g., ₹8,30,000+), legal hurdles, and trade secret preferences pose challenges. Findings suggest patents hold transformative potential, contingent on overcoming economic and cultural obstacles, contributing a strategic framework for stakeholders.

Keywords: Hospitality Industry, Innovation, Patents, Intellectual Property, Technology Adoption, Competitive Advantage, Barriers

Introduction :

India's hospitality industry stands at a crossroads, poised to surge to ₹4.5 lakh crore by 2025 (IBEF, 2023), fueled by relentless innovation that redefines guest experiences and operational paradigms. From online booking platforms that slashed reservation times to smart rooms optimizing energy use—saving hotels ₹50,000 annually—technological and process advancements address rising guest expectations, sustainability mandates, and fierce competition. Yet, a striking paradox persists: while sectors like technology and manufacturing routinely patent such breakthroughs, hospitality clings to branding and trade secrets, neglecting intellectual property (IP) tools that could secure its innovations.

In an industry where a single AI-driven system could boost revenue by ₹1.66 crore (as this study's case demonstrates), this underutilization is both a missed opportunity and a competitive vulnerability. Patents—legal grants of exclusivity for novel, useful, and non-obvious ideas—promise differentiation, licensing revenue, and investment appeal (e.g., ₹8.3 crore, per Nasscom, 2023). However, barriers loom large: filing costs (₹10,000-50,000), legal complexities, and cultural resistance to disclosure threaten adoption. This study investigates whether patents can elevate Indian hospitality from a service-centric sector to an innovation powerhouse, arguing that their transformative potential hinges on overcoming economic and



conceptual obstacles. By bridging this IP gap, it aims to chart a path for stakeholders in a rapidly evolving market.

Purpose and Objectives :

This research assesses patents' applicability in hospitality to protect innovation and boost competitiveness, identifying adoption barriers.

Objectives:

1. To evaluate patentability criteria in hospitality.
2. To identify patentable innovations.
3. To analyze strategic benefits.
4. To examine financial and legal barriers.
5. To forecast future implications.

Literature Review :

Innovation is pivotal to the hospitality industry, driving efficiency and guest satisfaction across hotels, restaurants, and tourism services (Hjalager, 2010). In India, technological advancements like online reservation systems (Buhalis & Law, 2008) and sustainable practices (Saha & Yadav, 2018) have transformed operations, yet intellectual property (IP) protection, particularly patents, remains underutilized. India's Patents Act, 1970, mandates novelty, utility, and non-obviousness for patentability (Government of India, 1970), criteria well-established for tangible products but less applied to service-based innovations prevalent in hospitality. Bharwani and Mathews (2016) highlight Indian hospitality's reliance on customer service innovations—such as personalized guest experiences—but note a preference for branding over formal IP strategies. Singh (2020) attributes this to high patenting costs (₹10,000-50,000) and limited awareness, a trend echoed in India's broader service sector. Globally, service industries like healthcare successfully patent innovations, such as telemedicine devices (Dutfield, 2021), suggesting a viable model for hospitality. However, the sector's intangible outputs and preference for trade secrets (Saha & Yadav, 2018) pose challenges to patent adoption. This study addresses this gap, exploring how patents could serve as a strategic tool to protect and leverage hospitality innovations in India.

Methodology :

This qualitative, exploratory study synthesizes patent law and hospitality literature, using:

1. **Literature Review:** Analyzing innovation and IP sources.
2. **Conceptual Analysis:** Applying patent criteria to examples.
3. **Case Study:** Simulating a hotel patenting an AI system, with INR costs.



Data is secondary, grounded in Indian trends, with limitations due to no primary data.

Patentability Criteria :

Patents require novelty, utility, and non-obviousness. Patent protection under India's Patents Act, 1970, hinges on three core criteria—novelty, utility, and non-obviousness—each presenting distinct opportunities and challenges for hospitality innovations. These standards, designed to safeguard novel, useful, and inventive ideas, must be carefully navigated in a service-driven industry where intangible advancements predominate.

Novelty:

An invention must be new, unregistered in prior art—any publicly known idea or process. In hospitality, this could include an AI-driven system that customizes room settings based on guest behavior analytics, potentially patentable if undisclosed before filing. For instance, a hotel in Amravati developing such a system could secure exclusivity, enhancing its market edge. However, the industry's practice of publicizing innovations—such as smart check-in apps showcased at trade fairs or on social media—often jeopardizes novelty. In India, where hospitality firms vie for visibility in a ₹4.5 lakh crore market (IBEF, 2023), premature disclosure risks nullifying patent eligibility, necessitating stringent confidentiality protocols until applications are lodged with the Indian Patent Office.

Utility:

The invention must offer practical, functional value, a criterion readily met in hospitality's efficiency-focused innovations. A smart thermostat reducing energy costs by ₹50,000 annually exemplifies utility, directly benefiting hotel profitability and sustainability goals. Similarly, a tourism app streamlining itineraries with real-time updates provides tangible guest convenience. This aligns with the Patents Act's emphasis on applicability, posing minimal barriers as most hospitality advancements aim to solve operational or experiential challenges.

Non-obviousness:

The toughest hurdle, this requires an inventive step beyond what a skilled practitioner deems predictable. A basic mobile check-in system might fail if it mirrors existing tools, but one integrating biometric authentication tailored to guest profiles could qualify. In India, where incremental improvements—like faster service or better ambiance—are common, proving non-obviousness demands creative leaps, challenging hospitality innovators to transcend routine enhancements and justify patent worthiness. These criteria highlight opportunities but demand secrecy and creativity.

Opportunities :

Patenting innovations in India's hospitality industry offers strategic advantages, transforming novel ideas into competitive and economic assets amid a market projected to reach ₹4.5 lakh crore by 2025 (IBEF, 2023).



Competitive Differentiation is a key benefit:

a hotel patenting an AI-driven concierge system that personalizes guest interactions—adjusting lighting or recommending local experiences—gains an edge in a crowded sector. This exclusivity, enforceable under India's Patents Act, 1970, prevents rivals from replicating the technology, bolstering brand loyalty.

Intellectual Capital Protection safeguards significant R&D investments, such as a tourism operator's wearable device delivering real-time travel updates. With development costs often exceeding ₹10,00,000, a patent ensures long-term value, deterring imitation in a price-sensitive market.

Licensing Revenue presents a lucrative prospect: a restaurant patenting a waste-reduction process for ₹4,15,000 could license it to five chains at ₹6,60,000 each, yielding ₹33,00,000 annually—offsetting costs within two years and creating a profit stream. In India, where SMEs dominate hospitality, this could fund further innovation.

Investment Appeal enhances a firm's valuation; a startup with a patented biometric check-in system might attract ₹8.3 crore from investors (Nasscom, 2023), signaling credibility in a sector often seen as low-tech.

Case Study:

"Hotel Amravati" patents an AI reservation system optimizing pricing. Initial costs (₹5,81,000 filing, ₹2,49,000 maintenance over 20 years) are dwarfed by a 15% revenue increase (₹1.66 crore annually) and licensing income (₹1.66 crore from five firms at ₹33,20,000 each), doubling ROI in three years. These opportunities position patents as tools to elevate Indian hospitality, aligning with global trends like smart tourism and offering a blueprint for stakeholders to capitalize on innovation.

Challenges :

Patenting in India's hospitality industry faces substantial hurdles, rooted in financial, legal, and cultural factors, impeding adoption despite its potential.

Financial Costs are a primary barrier:

filing fees range from ₹10,000-50,000, legal expenses for drafting and searches add ₹1,66,000-8,30,000, and annual maintenance fees (₹16,600) accumulate to ₹3,32,000 over 20 years (Indian Patent Office, 2023). For a small hotel earning ₹4,15,000 profit annually, this total cost (₹8,30,000+) is prohibitive, diverting funds from guest services.

Legal Complexity complicates matters further:

proving non-obviousness in a field of incremental advances—like a slightly faster check-in process—requires extensive prior art searches (₹50,000), often yielding rejections if similar ideas exist. In India, where legal expertise is costly and patent pendency averages 18 months, delays clash with hospitality's need for swift implementation.



Service-Oriented Nature poses a unique challenge:

innovations like guest personalization systems blend processes and experiences, blurring patent eligibility under the Patents Act, 1970. Proving infringement is also elusive when competitors adapt similar services subtly, weakening enforcement.

Trade Secret Preference reflects a cultural norm:

disclosing a patented recipe or training method risks imitation post-expiry (20 years), deterring firms favoring secrecy. In India's hospitality, where oral traditions of knowledge-sharing prevail—e.g., a chef guarding a signature dish—patents face resistance.

Analysis:

The ₹8,30,000+ investment exceeds many SMEs' budgets, and the 18-month wait misaligns with seasonal revenue cycles. For instance, a ₹5,00,000 R&D spend on an AI tool yields no immediate protection, exposing it to copycats. These challenges—cost, complexity, and cultural inertia—demand innovative solutions like subsidies (₹2,00,000/patent) or streamlined IP processes to make patents viable, ensuring India's hospitality sector can compete in a technology-driven global landscape.

Conclusion :

This study highlights patents' potential to transform India's hospitality industry by protecting innovations like AI reservation systems, boosting revenue (e.g., ₹1.66 crore annually at "Hotel Amravati") and competitiveness in a ₹4.5 lakh crore market by 2025 (IBEF, 2023). However, high costs (₹8,30,000+), legal complexities, and a preference for trade secrets limit adoption, especially for SMEs with profits like ₹4,15,000 yearly. Strategies like subsidies (₹2,00,000/patent), simplified IP rules, and awareness campaigns could unlock this potential, aligning hospitality with global trends. Future research should test these ideas empirically, paving the way for a more innovative industry.

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