UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

No. 25-2808

TRAVELODGE HOTELS, INC,
Appellant

v.

HUBER HOTELS, LLC, ROBERT HUBER, and JANETTE HUBER

On Appeal from the U.S. District Court, D.N.J.
Judge Brian R. Martinotti, No. 2:19-cv-20571

Before: KRAUSE, PORTER, and AMBRO, *Circuit Judges*
Submitted: Sept. 22, 2026; Filed: November 9, 2026

NONPRECEDENTIAL OPINION[*]

KRAUSE, *Circuit Judge*. Plaintiff-Appellant Travelodge Hotels, Inc. (Travelodge) brought a breach-of-contract claim against Defendants-Appellees Huber Hotels LLC, Robert Huber, and Janette Huber (collectively, the Hubers) arising out of a November 17, 2017 franchising agreement (the Agreement) for the operation of a hotel in Hurley, Wisconsin (the Facility). Travelodge now appeals the District Court's judgment in favor of the Hubers. For the reasons set forth below, we will affirm.[*]

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[*] This disposition is not an opinion of the full Court and pursuant to I.O.P. 5.7 does not constitute binding precedent.

I. DISCUSSION[1]

Under New Jersey law, if one party to a contract "breach[es] . . . a material term of an agreement, the non-breaching party is relieved of its obligations under the agreement." *Nolan v. Lee Ho*, 577 A.2d 143, 146 (N.J. 1990).[2] Whether an act or course of conduct amounts to a breach, and whether such a breach is material, are considered to be questions of fact reviewed for clear error. *See Chance v. McCann*, 966 A.2d 29, 42 (N.J. Super. Ct. App. Div. 2009); *Lerman v. Joyce Int'l, Inc.*, 10 F.3d 106, 109 (3d Cir. 1993). The question is whether "there is enough evidence on the record to support" the District Court's findings or whether they "could be reasonably inferred from the entire trial record." *Scully v. US WATS, Inc.*, 238 F.3d 497, 506 (3d Cir. 2001) (quoting *Knop v. McMahan*, 872 F.2d 1132, 1141 (3d Cir. 1989)). To answer that question here, we first summarize the findings of the District Court and then address whether they find sufficient support in the trial record.

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[1] The District Court had jurisdiction pursuant to 28 U.S.C. § 1332, and we have jurisdiction pursuant to 28 U.S.C. § 1291. "On appeal from a bench trial, our court reviews a district court's findings of fact for clear error and its conclusions of law *de novo*." *VICI Racing, LLC v. T-Mobile USA, Inc.*, 763 F.3d 273, 282–83 (3d Cir. 2014).

[2] In exercising our diversity jurisdiction, we apply the choice-of-law rules of the state in which the district court sits, i.e., New Jersey. *See Berg Chilling Sys., Inc. v. Hull Corp.*, 435 F.3d 455, 462 (3d Cir. 2006). Here, the Agreement's forum selection clause compels application of New Jersey law, and New Jersey courts ordinarily respect contractual choice-of-law provisions unless they "violate New Jersey's public policy." *Instructional Sys., Inc. v. Computer Curriculum Corp.*, 614 A.2d 124, 133 (N.J. 1992). Because no such public policy issues are present, we apply New Jersey law.

A. The District Court's Findings

At the conclusion of its bench trial, the District Court agreed with the Hubers that "Travelodge's failure to integrate the Facility into its central reservation system within a reasonable time constitutes a material breach of the Agreement, and [that] such conduct relieved [the Hubers] of their obligations under [the] same." App. 30. In support of this determination, the District Court found that Travelodge breached obligations imposed by Section 3.4.1 of the Agreement, which stated that the Hubers "will participate in . . . the Reservation System," App. 358, and Section 4.2 of the Agreement, which stated that Travelodge "will operate and maintain . . . a computerized Reservation System" and that from the effective date of the Agreement, "the Facility will participate in the Reservation System on an exclusive basis," App. 364.

The District Court also found that the Hubers "made sincere and substantial attempts to perform under the Agreement and comply with Travelodge's evolving expectations for six months after entering into the Agreement without any real ability to earn revenue as a Travelodge franchise, given the Facility was not provided access to the Travelodge reservation system." App. 32. And it determined that Travelodge's breach was material because, when considered alongside "the evidence of inconsistent and confusing communications from at least four Wyndham and/or Travelodge representatives . . . and the inaccuracies in the Facility's listing on the Travelodge website," the delay in integration into the reservation system "prevented [the Hubers] from conducting a prompt and profitable opening as a Travelodge hotel." App. 32.

B. The District Court Did Not Clearly Err

On appeal, Travelodge argues that the District Court clearly erred in finding that Travelodge materially breached the Agreement. We disagree.

In a long-term contract like this one, "a material breach may arise upon a single occurrence or consistent recurrences which tend to defeat the purpose of the contract." *Magnet Res., Inc. v. Summit MRI, Inc.*, 723 A.2d 976, 981 (N.J. Super. Ct. App. Div. 1998) (quoting *Medivox Prods., Inc. v. Hoffmann-La Roche, Inc.*, 256 A.2d 803, 809 (N.J. Super. Ct. Law Div. 1969)). We assess materiality "on a case-by-case basis after considering the agreement's terms and the conduct of the parties," *Roach v. BM Motoring, LLC*, 155 A.3d 985, 995 (N.J. 2017), and "the ratio quantitatively which the breach bears to the contract as a whole," *Magnet Res.*, 723 A.2d at 981 (quoting *Medivox Prods.*, 256 A.2d at 809).

Here, these considerations support the District Court's finding that Travelodge's delayed integration of the Facility into the reservation system amounted to a material breach of the Agreement. The terms of the Agreement required Travelodge to operate and maintain a reservation system in which the Facility would participate on an exclusive basis. But Robert Huber testified that Travelodge missed a scheduled appointment to install certain software, which delayed the Facility's opening from January to March 2018, and that a Travelodge representative communicated additional pre-opening requirements in February and March 2018, including the installation of a phone system, a managerial training course, and the procurement of new art. Huber also testified that even after Travelodge granted its approval for the Facility to open in May 2018, the Travelodge

website listed an incorrect address and phone number for the Facility, and that a Travelodge representative apologized to him for deprioritizing the Facility in favor of larger hotels. Finally, he testified that the Facility cost $30,000 per month to maintain, which the Hubers could not afford due to the low number of bookings they received by the time they sold the Facility in June 2018.

The District Court credited this testimony, and we defer to credibility determinations when the underlying testimony is "coherent and plausible, not internally inconsistent and not contradicted by external evidence," *United States v. Marcavage*, 609 F.3d 264, 281 (3d Cir. 2010) (quoting *United States v. Igbonwa*, 120 F.3d 437, 441 (3d Cir. 1997)), as is the case here. Considering the testimony, the terms of the Agreement, and the effect of Travelodge's lapses on the Hubers, the District Court reasonably determined that Travelodge's course of conduct "tend[ed] to defeat the purpose of the contract" as a whole and so amounted to a material breach. *See Magnet Res.*, 723 A.2d at 981 (internal quotation marks omitted).

Travelodge counters that this determination contravenes two sections of the Agreement.

First, though Travelodge concedes that Section 4.2 of the Agreement required it to operate and maintain a reservation system for the Facility, it contends that it was not required to do so by any particular deadline. However, "where no time is fixed for the performance of a contract, by implication a reasonable time was intended," *Black Horse Lane Assoc., L.P. v. Dow Chem. Corp.*, 228 F.3d 275, 284 (3d Cir. 2000) (quoting *Becker v. Sunrise at Elkridge*, 543 A.2d 977, 983 (N.J. Super. Ct. App. Div. 1988)), and, under

New Jersey law, "[w]hat constitutes a 'reasonable time' . . . 'is usually an implication of fact, and not of law,'" *Barco Urb. Renewal Corp. v. Hous. Auth.*, 674 F.2d 1001, 1008 (3d Cir. 1982) (quoting *Borough of W. Caldwell v. Borough of Caldwell*, 138 A.2d 402, 412 (N.J. 1958)). We thus review for clear error, and find none. Instead, the record amply supports the District Court's determination that the delay of several months was unreasonable, especially in light of the Hubers' testimony about the effect of the delay on their ability to operate the Facility.

Second, Travelodge contends that, pursuant to Section 1.2 of Schedule D to the Agreement, it was not required to integrate the Facility into the reservation system unless and until the Hubers completed a renovation checklist. According to Section 1.2, the Hubers must complete the checklist items "before [Travelodge] consider[s] the Facility to be ready to open" under the reservation system. App. 395. But the District Court reasonably inferred from the witness testimony at trial that Travelodge representatives may have deemphasized or waived certain checklist items in their communications with the Hubers. So the checklist items "may not, in fact, have been required." App. 32. It also found, in any event, that the Hubers' delay in completing the checklist was caused, at least in part, by Travelodge's own actions. In short, the District Court did not ignore or misread these sections of the Agreement.[3]

[3] Travelodge may be correct that the District Court erred in interpreting Section 3.4.1 of the Agreement to impose obligations on Travelodge rather than on the Hubers, but any

Finally, Travelodge contests the District Court's weighing of the evidence and its overall allocation of responsibility between the parties for the breakdown of their relationship. Again, however, we see no basis to second-guess the District Court's reasonable interpretation of the evidence presented at trial. In all, because sufficient evidence supports the District Court's determination that Travelodge materially breached the Agreement by failing to integrate the Facility into its reservation system within a reasonable time, "we cannot say that the Court clearly erred" in so finding. *See Scully*, 238 F.3d at 505–06.

II. CONCLUSION

For the foregoing reasons, we will AFFIRM the judgment of the District Court.

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such error was harmless because, as the District Court concluded and Travelodge concedes, the relevant obligation is imposed by Section 4.2.