

UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF  
VIRGINIA, HARRISONBURG DIVISION

Eco Cladding, Inc. v. Hohmann & Barnard, Inc.

Eco Cladding · No. 5:25-cv-00068 · Decided February 6, 2026

SUMMARY

The United States District Court for the Western District of Virginia addressed Hohmann & Barnard, Inc.'s motion to dismiss claims arising from alleged misuse of Eco Cladding, Inc.'s confidential rainscreen-bracket designs. The court denied dismissal of the breach-of-nondisclosure-agreement claim but dismissed without prejudice claims for breach of the supply agreement, conversion, and fraud in the inducement. The opinion applies Delaware law to the nondisclosure agreement, New York law to the supply agreement, and Virginia law to the tort claims.

CASE DETAILS

|                       |                                                                                                                                                                                                                                                                                                                             |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| COURT                 | United States District Court for the Western District of Virginia, Harrisonburg Division                                                                                                                                                                                                                                    |
| WRITING FOR THE COURT | Jasmine H. Yoon                                                                                                                                                                                                                                                                                                             |
| JURISDICTION          | United States District Court for the Western District of Virginia, Harrisonburg Division                                                                                                                                                                                                                                    |
| DECIDED               | February 6, 2026                                                                                                                                                                                                                                                                                                            |
| DOCKET                | 5:25-cv-00068                                                                                                                                                                                                                                                                                                               |
| DISPOSITION           | other                                                                                                                                                                                                                                                                                                                       |
| PROCEDURAL POSTURE    | Defendant removed a Virginia state-court action to federal court based on diversity jurisdiction and moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss the complaint.                                                                                                                                         |
| STANDARD OF REVIEW    | On a Rule 12(b)(6) motion, the court accepts well-pleaded factual allegations as true, draws reasonable inferences for the plaintiff, and determines whether the complaint states a facially plausible claim for relief. The court may consider documents attached to and incorporated into the complaint under Rule 10(c). |
| PRECEDENTIAL VALUE    | unknown                                                                                                                                                                                                                                                                                                                     |

TOPICS

- breach of contract
- contract interpretation
- motions to dismiss
- conversion
- fraud

## PRACTICE AREAS

contracts

intellectual property

commercial litigation

civil procedure

torts

## QUESTIONS PRESENTED

1. Whether ECO plausibly alleged that H&B breached the Delaware-law NDA by misappropriating or disclosing confidential information.
2. Whether ECO plausibly alleged under New York law that H&B breached the supply agreement by failing to develop and deliver a progressive die.
3. Whether ECO's conversion claim was barred by Virginia's source-of-duty rule because the alleged wrong arose solely from the NDA.
4. Whether ECO adequately pleaded fraud in the inducement under Federal Rule of Civil Procedure 9(b) and Virginia law.

## HOLDINGS

1. ECO plausibly alleged a breach of the NDA by identifying contractual confidentiality and use restrictions and alleging that H&B improperly disclosed, misappropriated, and used ECO's confidential information. A breach of an NDA need not be pleaded with heightened particularity under Delaware law.
2. ECO failed to state a breach-of-contract claim because the supply agreement did not expressly require H&B to develop or deliver a progressive die, and ECO did not allege that it paid in full as required before ownership of the tooling would transfer.
3. ECO's conversion claim was barred by Virginia's source-of-duty rule because the alleged wrongful possession and use of the design and confidential information were wrongful only if they breached the NDA.
4. ECO failed to plead fraud in the inducement because it alleged no particularized facts showing that H&B knew its representations were false when made or intended to mislead ECO at the time the agreements were formed.

## KEY QUOTATIONS

*“To survive a Rule 12(b)(6) motion to dismiss, a plaintiff must plead sufficient factual allegations to “state a claim to relief that is plausible on its face.””*

*“A tort of conversion is not an appropriate vehicle to bring an inventorship correction or trade secret misappropriation claim.”*

*“The court will deny the motion as to Count I and grant the motion as to Counts II, III, and IV, and will dismiss those claims without prejudice.”*

## FACTUAL BACKGROUND

ECO developed a rainscreen support-bracket design and disclosed the design, testing results, design files, and engineering calculations to H&B under a mutual confidentiality and nondisclosure agreement. The parties later

entered a supply agreement under which H&B would manufacture ECO's design, and the agreement referenced a progressive die that ECO would own after full payment. ECO later alleged that H&B marketed a similar bracket, filed a related patent application, and failed to develop the progressive die.

## PROCEDURAL HISTORY

ECO sued H&B in the Circuit Court for the City of Winchester, Virginia, asserting breach of a nondisclosure agreement, breach of a supply agreement, conversion, and fraud in the inducement. H&B removed the action on July 11, 2025, and moved to dismiss. The court denied dismissal of the NDA breach claim but dismissed the supply-agreement breach, conversion, and fraud-in-the-inducement claims without prejudice.

## DISPOSITION

other

## CASES CITED

- Kerns v. United States, 585 F.3d 187, 192 (4th Cir. 2009)
- Edwards v. City of Goldsboro, 178 F.3d 231, 243 (4th Cir. 1999)
- Bing v. Brivo Systems, LLC, 959 F.3d 605, 616 (4th Cir. 2020)
- King v. Rubenstein, 825 F.3d 206, 214 (4th Cir. 2016)
- Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)
- Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 570 (2007)
- Hitachi Credit America Corp. v. Signet Bank, 166 F.3d 614, 623-24 (4th Cir. 1999)
- Demetres v. E. W. Construction, Inc., 776 F.3d 271, 273 (4th Cir. 2015)
- Gilmore v. Jones, 370 F. Supp. 3d 630, 663 n.36 (W.D. Va. 2019)
- Terracino v. Trimaco, Inc., 2023 WL 2656753, at \*3 n.4 (E.D.N.C. Mar. 27, 2023)
- Vermeer v. University of Delaware, 710 F. Supp. 3d 401, 409 (D. Del. 2024)
- VLIW Technology, LLC v. Hewlett-Packard Co., 840 A.2d 606, 612 (Del. 2003)
- Akzo Nobel Coatings Inc. v. Dow Chemical Co., No. 8666-VCP, 2015 WL 3536151, at \*8-\*9 (Del. Ch. June 5, 2015)
- Hydrogen Master Rights, Ltd. v. Weston, 228 F. Supp. 3d 320, 333 (D. Del. 2017)
- Wal-Mart Stores, Inc. v. AIG Life Insurance Co., 901 A.2d 106, 116 (Del. 2006)
- Travelers Casualty & Surety Co. of America v. Blackbaud, Inc., No. N22C-12-130, 2024 WL 1298762, at \*9 (Del. Super. Mar. 27, 2024)
- Markatos v. Citibank, 760 F. Supp. 3d 70, 84 (S.D.N.Y. 2024)
- E. Materials Corp. v. Mitsubishi Plastics Composites America, Inc., 307 F. Supp. 3d 52, 58 (E.D.N.Y. 2018)
- 805 Third Ave. Co. v. M.W. Realty Associates, 448 N.E.2d 445, 447-48 (N.Y. 1983)
- Sharkey v. Zimmer USA, Inc., No. 20 Civ. 8258, 2021 WL 3501160, at \*6 (S.D.N.Y. Aug. 9, 2021)
- Novella v. Westchester County, 611 F.3d 128, 142 (2d Cir. 2010)

- National Football League Properties, Inc. v. Dallas Cowboys Football Club, 922 F. Supp. 849, 852 (S.D.N.Y. 1996)
- National Gear & Piston, Inc. v. Cummins Power Systems, LLC, 861 F. Supp. 2d 344, 360 n.6 (S.D.N.Y. 2012)
- Johnson v. Westlake Flooring Co., 744 F. Supp. 3d 622, 630 (E.D. Va. 2024)
- Shelton v. Marshall, 724 F. Supp. 3d 532, 545 (W.D. Va. 2024)
- Mackey v. McDannald, 842 S.E.2d 379 (Va. 2020)
- Allegheny Construction Co., Inc. v. Town of Christiansburg, 923 S.E.2d 743, 753, 757 (Va. App. 2025)
- Tingler v. Graystone Homes, Inc., 834 S.E.2d 244, 255-56 (Va. 2019)
- Adair v. EQT Production Co., 320 F.R.D. 379, 419 (W.D. Va. 2017)
- Paragon Defense Solutions, Inc. v. Jadcap Machine Works, Inc., No. 1:22-cv-01425, 2023 WL 4937393, at \*2 (E.D. Va. July 10, 2023)
- Cozzarelli v. Inspire Pharmaceuticals, Inc., 549 F.3d 618, 629 (4th Cir. 2008)
- Blevins v. Booker, No. 1:17-cv-00012, 2017 WL 2389720, at \*7
- Cyberlock Consulting, Inc. v. Information Experts, Inc., No. 1:12-cv-00396, 2012 WL 3841416, at \*6 (E.D. Va. Sept. 4, 2012)
- Townes Telecommunications, Inc. v. National Telecommunications Cooperative Association, 438 F. Supp. 3d 646, 652 n.8 (E.D. Va. 2020)
- Southern Walk at Broadlands Homeowner's Association, Inc. v. OpenBand at Broadlands, LLC, 713 F.3d 175, 184 (4th Cir. 2013)
- Tornetta v. Musk, 250 A.3d 793, 806 n.89 (Del. Ch. 2019)