

NORTH CAROLINA SUPERIOR COURT, NORTH CAROLINA BUSINESS COURT

Kadah v. Paladin Drones, Inc.

Kadah, 2026 NCBC 50 (North Carolina Superior Court North Carolina Business Court 2026) · No. 25CV050925-590 · Decided June 2, 2026

SUMMARY

The North Carolina Business Court considers Khaled Kadah’s Rule 12(b)(6) motion to dismiss Paladin Drones, Inc.’s amended counterclaims for breach of contract, trade-secret misappropriation, tortious interference, and defamation. The court denies dismissal of the breach-of-contract claims based on confidentiality and return-of-property obligations, dismisses without prejudice the claim based on the noncompete provision, and analyzes the pleading requirements for the trade-secret claims.

CASE DETAILS

COURT	North Carolina Superior Court, North Carolina Business Court
WRITING FOR THE COURT	Matthew T. Houston
JURISDICTION	North Carolina Superior Court, North Carolina Business Court
DECIDED	June 2, 2026
DOCKET	25CV050925-590
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff and counterclaim defendant Khaled Kadah moved under North Carolina Rule of Civil Procedure 12(b)(6) to dismiss Paladin Drones, Inc.'s amended counterclaims for breach of contract, trade-secret misappropriation under state and federal law, tortious interference with prospective economic advantage, and defamation.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court determines whether the allegations, treated as true and viewed in the light most favorable to the nonmoving party, are sufficient to state a claim under some legal theory. Dismissal is proper when the pleading reveals that no law supports the claim, lacks facts sufficient to make a good claim, or discloses a fact that necessarily defeats the claim. The court may consider documents attached to, specifically referred to in, or incorporated into the pleading and may reject allegations contradicted by those documents.

PRECEDENTIAL VALUE

Published North Carolina Business Court order and opinion;
precedential status identified as published.

TOPICS

motions to dismiss trade secret misappropriation breach of contract restrictive covenants
commercial litigation

PRACTICE AREAS

civil procedure contracts trade secrets employment law commercial litigation

QUESTIONS PRESENTED

1. Whether Paladin adequately pleaded breach of the confidentiality and nondisclosure provisions of its agreement.
2. Whether Paladin adequately pleaded breach of the agreement's obligation to return company records and information.
3. Whether Paladin stated a claim based on the agreement's noncompete provision despite its broad nationwide territory and expansive activity restrictions.
4. Whether Paladin adequately identified putative trade secrets with sufficient particularity under the North Carolina Trade Secrets Protection Act and the Defend Trade Secrets Act.
5. Whether Paladin adequately pleaded acts of trade-secret misappropriation.
6. Whether Paladin adequately pleaded tortious interference with prospective economic advantage, including lack of justification and causation.
7. Whether Paladin pleaded defamation with the particularity required by North Carolina law.

HOLDINGS

1. Paladin adequately stated a breach-of-contract claim based on allegations that Kadah had unauthorized communications with three potential investors in which he shared putative trade secrets and other confidential business information in violation of the agreement.
2. Paladin adequately stated a breach-of-contract claim based on Kadah's alleged deletion of information from his company computer and resulting failure to return company records, data, and other information as required by the agreement.
3. The court dismissed without prejudice the breach-of-contract claim predicated on the noncompete provision.
4. Paladin adequately pleaded the Customer List, the pricing-information portions of the Partner List, the Go-To-Market Strategy, and the Technology Strategy as putative trade secrets, but failed to plead the Prospective Client List, Investor List, or partner identities with sufficient specificity.

5. Paladin adequately pleaded the acts by which Kadah allegedly misappropriated the remaining putative trade secrets under the North Carolina Trade Secrets Protection Act and the Defend Trade Secrets Act.
6. Paladin adequately stated a claim for tortious interference with prospective economic advantage.
7. Paladin failed to state a defamation claim because its allegation that Kadah made statements 'in substance' about financial mismanagement and the CEO's incompetence did not identify the statements with the required particularity.

KEY QUOTATIONS

“Dismissal is appropriate if “(1) the [counterclaim] on its face reveals that no law supports the [claimant’s] claim; (2) the [counterclaim] on its face reveals the absence of facts sufficient to make a good claim; or (3) the [counterclaim] discloses some fact that necessarily defeats the [claimant’s] claim.”” (¶ 22)

“Generally, a party must “identify a trade secret with sufficient particularity so as to enable [the opposing party] to delineate that which he is accused of misappropriating and a court to determine whether misappropriation has or is threatened to occur.”” (¶ 56)

“In other words, the relevant pleading must allege ‘who said what to whom, as well as when and where the defamatory statements were made.’” (¶ 100)

FACTUAL BACKGROUND

Kadah, a former Paladin employee, entered into a confidentiality and invention-assignment agreement containing confidentiality, return-of-property, and noncompete provisions governed by Texas law. Paladin alleged that Kadah disclosed or used confidential information and alleged trade secrets in communications with potential investors, made statements about Paladin and its CEO, deleted information from a company computer, and later joined a competitor. The alleged information included customer, prospective-client, partner, marketing, technology, and investor information.

PROCEDURAL HISTORY

Paladin asserted five amended counterclaims against Kadah in the North Carolina Business Court. The court considered Kadah's Rule 12(b)(6) motion, the amended counterclaims, the attached agreement, and the parties' briefing. The court granted the motion in part and denied it in part, dismissing the noncompete-based contract claim and certain trade-secret theories without prejudice, dismissing the defamation claim with prejudice, and allowing the remaining theories to proceed.

DISPOSITION

other

CASES CITED

- Taylor v. Bank of Am., N.A., 382 N.C. 677, 679 (2022)
- Estevez v. C&S Com., LLC, 2025 NCBC LEXIS 166, at *1

- Oberlin Cap., L.P. v. Slavin, 147 N.C. App. 52, 60 (2001)
- Packard v. Sei Priv. Tr. Co., 2025 NCBC LEXIS 69, at *7-8
- Corwin v. Brit. Am. Tobacco PLC, 371 N.C. 605, 615 (2018)
- Sykes v. Health Network Sols., Inc., 372 N.C. 326, 332 (2019)
- Moch v. A.M. Pappas & Assocs., LLC, 251 N.C. App. 198, 206 (2016)
- Dan King Plumbing Heating & Air Conditioning, LLC v. Harrison, 281 N.C. App. 312, 332 (2022)
- Valle Cay Prop. Owners Ass’n, Inc. v. Slocum Mt. Real Est., LLC, 2026 N.C. App. LEXIS 91, at *5
- Evergreen Builder Sols., LLC v. Taylor, 2025 NCBC LEXIS 174, at *18
- Fin. Carrier Servs. LLC v. Kingpin Cap. Inc., 2025 NCBC LEXIS 72, at *10
- Wells Fargo Ins. Servs. U.S.A. v. Link, 372 N.C. 260 (2019)
- Redlee/SCS, Inc. v. Pieper, 153 N.C. App. 421, 423 (2002)
- Cobb v. Caye Publ’g Grp., Inc., 322 S.W.3d 780, 783, 785 (Tex. App. 2010)
- Stallion Oilfield Servs. Ltd. v. Gravity Oilfield Servs., LLC, 592 S.W.3d 205, 219 (Tex. App. 2019)
- Zep Mfg. Co. v. Harthcock, 824 S.W.2d 654, 660 (Tex. App. 1992)
- Justin Belt Co. v. Yost, 502 S.W.2d 681, 685 (Tex. 1973)
- Allan J. Richardson & Assocs., Inc. v. Andrews, 718 S.W.2d 833, 836 (Tex. App. 1986)
- TENS Rx, Inc. v. Hanis, 2019 Tex. App. LEXIS 10563, at *12
- Forum US, Inc. v. Musselwhite, 2020 Tex. App. LEXIS 5863, at *18
- Tex. Dep’t of Pub. Safety v. Caruana, 363 S.W.3d 558, 561 (Tex. App. 2012)
- First Fed. Bank v. Aldridge, 230 N.C. App. 187, 191 (2013)
- Krawiec v. Manly, 370 N.C. 602, 608-09 (2018)
- Wilmington Star-News, Inc. v. New Hanover Reg’l Med. Ctr., Inc., 125 N.C. App. 174, 180-81 (1997)
- Rel. Ins., Inc. v. Pilot Risk Mgmt. Consulting, LLC, 2024 NCBC LEXIS 99, at *44
- Sterling Title Co. v. Martin, 266 N.C. App. 593, 602 (2019)
- Red Valve, Inc. v. Titan Valve, Inc., 2018 NCBC LEXIS 31, at *28
- Husqvarna Pro. Prods., Inc. v. Robin Autopilot Holdings, LLC, 2023 NCBC LEXIS 155, at *18-19
- The Bldg. Ctr., Inc. v. Carter Lumber of the N., Inc., 2017 NCBC LEXIS 85, at *19-20
- Koch Measurement Devices, Inc. v. Armke, 2015 NCBC LEXIS 45, at *13-14
- Byrd’s Lawn & Landscaping, Inc. v. Smith, 142 N.C. App. 371, 376 (2001)
- Edgewater Servs., Inc. v. Epic Logistics, Inc., 2009 NCBC 20
- Velocity Sols., Inc. v. BSG, LLC, 2015 NCBC LEXIS 54, at *23-24
- Power Home Solar, LLC v. Sigora Solar, LLC, 2021 NCBC LEXIS 55, at *41
- Bldg. Ctr., 2016 NCBC LEXIS 79, at *15-16
- Gupton v. Son-Lan Dev. Co., 205 N.C. App. 133, 142-43 (2010)
- Embree Constr. Grp., Inc. v. Rafcor, Inc., 330 N.C. 487, 498 (1992)
- Wilson v. McClenny, 262 N.C. 121, 133-34 (1964)
- Walker v. Sloan, 137 N.C. App. 387, 393 (2000)

- CRH E., LLC v. Berastain, 2025 NCBC LEXIS 11, at *13
- Taube v. Hooper, 270 N.C. App. 604, 608-09 (2020)
- Daniels v. Metro Mag. Holding Co., 179 N.C. App. 533, 539 (2006)
- Addison Whitney, LLC v. Cashion, 2017 NCBC LEXIS 111, at *15
- Stutts v. Duke Power Co., 47 N.C. App. 76, 82, 84 (1980)
- Shreve v. Duke Power Co., 97 N.C. App. 648, 650 (1990)
- Vastola v. Charlotte-Mecklenburg Lodge 9 of the FOP, Inc., 2026 N.C. App. LEXIS 172, at *7-8
- Assur. Grp., LLC v. Shackelford, 2026 NCBC LEXIS 67, at *18
- Renwick v. News & Observer Pub. Co., 310 N.C. 312, 318-19 (1984)
- Izydore v. Tokuta, 242 N.C. App. 434, 446-47 (2015)
- Payne v. Thomas, 176 N.C. 401 (1918)
- Vincent v. Powell, 215 N.C. 336 (1939)
- Myrtle Apartments, Inc. v. Lumbermen's Mut. Cas. Co., 258 N.C. 49, 51 (1962)