

**BLOGS**

Patents

Federal Circuit Finds Car Dealership Agreements Do Not Establish Jurisdiction Over Manufacturers

The Federal Circuit Court of Appeals recently reversed a district court's ruling that dealership agreements were sufficient to establish jurisdiction over car manufacturers in a patent dispute. *In re Volkswagen Grp. of Am., Inc.*, — F.4th —, 2022 WL 697526 (Fed. Cir. Mar. 9, 2022).

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The Federal Circuit drew a sharp distinction between those contractual provisions that outline what the dealerships' obligations are and questions of how the dealerships fulfill those obligations. An agency relationship would only exist if the manufacturers had "interim control" over how the dealerships conducted their business. The court pointed to several aspects of the agreements preserving the dealerships' autonomy: the manufacturers could not dictate how the dealerships sold cars to consumers or performed warranty services, and the dealerships retained full control of their day-to-day operations. The agreements also expressly disclaimed an agency relationship. This was sufficient for the court to conclude that there was no agency relationship, and thus the manufacturers were not subject to the jurisdiction of the district court.

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