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IN THE UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION

DOLBY LABORATORIES, INC.,
DOLBY LABORATORIES
LICENSING CORP., AND DOLBY
INTERNATIONAL AB,

Plaintiffs,

v.

INTERDIGITAL, INC. AND
INTERDIGITAL MADISON PATENT
HOLDINGS, SAS,

Defendants.

Case No. 2:26-cv-02269-WLH(BFMx)

**PLAINTIFFS' OPPOSITION TO
DEFENDANTS' MOTION TO
DISMISS PLAINTIFFS'
COMPLAINT PURSUANT TO FED.
R. CIV. P. 12(b)(1), 12(h)(3)**

**REDACTED VERSION OF
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Judge:	Hon. Wesley L. Hsu

PLAINTIFF' OPPOSITION TO DEFENDANTS' MOTION TO DISMISS
Case No. 2:26-cv-02269-WLH (BFMx)

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. FACTUAL BACKGROUND	3
III. LEGAL STANDARD.....	7
IV. ARGUMENT.....	8
A. Dolby Has Established Subject Matter Jurisdiction.....	8
1. Implicit Allegations of Indirect Infringement Establish a Case or Controversy	8
2. Dolby’s Indemnity Obligations to Disney Also Establish a Case or Controversy	12
3. “All the Circumstances” Also Establish a Case or Controversy	14
B. This Court Should Allow Dolby to Seek a Declaratory Relief	15
1. Disney Is Merely an End-User of the Accused Dolby Product ..	16
2. The Dolby DJ Action Will Likely Resolve This Case as to the ‘268 Patent.....	17
3. InterDigital Will Not Be Harmed by this DJ Action.....	17
4. Denial of Declaratory Relief Will Subject Both Disney and Dolby to Hardship.....	18
5. This DJ Action Will Promote the Orderly Course of Justice	20
6. This DJ Action Provides the Most Efficient Path to Resolve the Present Dispute	21
V. CONCLUSION	22

TABLE OF AUTHORITIES

	Page(s)
Cases	
<i>Altair Instruments, Inc. v. Telebrands Corp.</i> , No. 2:19-CV-08967, 2020 WL 1956516 (C.D. Cal. Mar. 31, 2020) (Otero, J.).....	19, 20
<i>Arkema Inc. v. Honeywell Int’l, Inc.</i> , 706 F.3d 1351 (Fed. Cir. 2013).....	8
<i>Arris Grp., Inc. v. Brit. Telecomms PLC</i> , 639 F.3d 1368 (Fed. Cir. 2011).....	<i>passim</i>
<i>Aspex Eyewear, Inc. v. Zenni Optical Inc.</i> , 713 F.3d 1377 (Fed. Cir. 2013).....	17
<i>Coleman v. Quaker Oats Co.</i> , 232 F.3d 1271 (9th Cir. 2000).....	21
<i>Dali Wireless, Inc. v. Ericsson Inc.</i> , No. 22-CV-1313, 2023 WL 1423990 (W.D. Tex. Jan. 30, 2023)	16
<i>DS Advanced Enters., Ltd. v. Cooper Lighting, LLC</i> , No. CV 5:23-02603-JAK, 2024 WL 5260939 (C.D. Cal. Nov. 20, 2024) (Kronstadt, J.)	19
<i>Fin. Fusion, Inc. v. Ablaise Ltd.</i> , No. C-06-2451 PVT, 2006 WL 2792872 (N.D. Cal. Sept. 28, 2006)	13
<i>Goodyear Tire & Rubber Co. v. Releasomers, Inc.</i> , 824 F.2d 953 (Fed. Cir. 1987).....	8
<i>Intel Corp. v. ULSI Sys. Tech. Inc.</i> , 995 F.2d 1566 (Fed. Cir. 1993).....	17
<i>Investors Research Co. v. United States Dist. Court for the Central Dist. California</i> , 877 F.2d 777 (9th Cir. 1989).....	21
<i>Kessler v. Eldred</i> , 206 U.S. 285 (1907).....	17

1	<i>Lacano Invs., LLC v. Balash,</i>	
2	765 F.3d 1068 (9th Cir. 2014).....	8
3	<i>Leite v. Crane Co.,</i>	
4	749 F.3d 1117 (9th Cir. 2014).....	8
5	<i>MedImmune, Inc. v. Genentech, Inc.,</i>	
6	549 U.S. 118 (2007).....	7, 15
7	<i>Microsoft Corp. v. DataTern, Inc.,</i>	
8	755 F.3d 899 (Fed. Cir. 2014).....	<i>passim</i>
9	<i>Microsoft Corporation v. SynKloud Technologies, LLC,</i>	
10	484 F. Supp. 3d 171 (D. Del. 2020)	14
11	<i>Mitek Sys., Inc. v. United Servs. Auto. Ass’n,</i>	
12	139 F.4th 1340 (Fed. Cir. 2025).....	8, 11, 13
13	<i>Network Sys. Techs., LLC v. Samsung Elecs. Co.,</i>	
14	No. 2:22-CV-00481, 2023 WL 7649372 (E.D. Tex. Nov. 14, 2023)	16, 19, 20
15	<i>PersonalWeb Techs., LLC v. Apple Inc.,</i>	
16	69 F. Supp. 3d 1022 (N.D. Cal. 2014).....	18
17	<i>Platform Sci., Inc. v. Fleet Connect Sols. LLC,</i>	
18	Case No. 25-CV-457-DMS-SBC, 2025 WL 2308101 (S.D. Cal.	
19	Aug. 11, 2025) (Sabraw, J.)	14
20	<i>Proofpoint, Inc. v. Innova Patent Licensing, LLC,</i>	
21	No. 5:11- cv-02288-LHK, 2011 WL 4915847 (N.D. Cal. Oct. 17,	
22	2011)	14
23	<i>Super Sack Manufacturing Corp. v. Chase Packaging Corp.,</i>	
24	57 F.3d 1054 (Fed. Cir. 1995).....	12
25	<i>Taylor v. Sturgell,</i>	
26	553 U.S. 880 (2008).....	17
27	<i>Upaid Sys., Ltd. v. CleanDan,</i>	
28	No. SA-CV-18-00619-AB-SSx, 2018 WL 5279567 (C.D. Cal. July	
	25, 2018).....	16
	<i>Wisconsin Alumni Rsch. Found. v. Apple Inc.,</i>	
	112 F.4th 1364 (Fed. Cir. 2024).....	17

1	Statutes	
2	35 U.S.C. § 271	9, 10
3	35 U.S.C. § 299	19, 21
4	Declaratory Judgment Act.....	7
5	Other Authorities	
6		
7	Fed. R. Civ. P. 12(b)	8

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TABLE OF ABBREVIATIONS AND NOTES

Dolby Laboratories, Inc., Dolby Laboratories Licensing Corp., and Dolby International AB	Dolby
InterDigital Inc., InterDigital VC Holdings, Inc., Interdigital Madison Patent Holdings, SAS, and Interdigital CE Patent Holdings, SAS	InterDigital
The Walt Disney Company, Disney Media And Entertainment Distribution LLC, Disney DTC LLC, Disney Streaming Services LLC, Disney Entertainment & Sports LLC, Disney Platform Distribution, Inc., Bamtech, LLC, Hulu, LLC, And ESPN, Inc.	Disney
U.S. Patent 9,185,268	'268 patent
The present case: <i>Dolby Laboratories, Inc., Dolby Laboratories Licensing Corp., and Dolby International AB v. InterDigital, Inc. and InterDigital Madison Patent Holdings, SAS</i> , Case No. 2:26-cv-02269-WLH (BFMx) (C.D. Cal.)	DJ Action

1 2 3 4 5 6 7 8 9	<i>Interdigital Inc., Interdigital VC Holdings, Inc., Interdigital Madison Patent Holdings, SAS, and Interdigital CE Patent Holdings, SAS v. The Walt Disney Company, Disney Media and Entertainment Distribution LLC, Disney DTC LLC, Disney Streaming Services LLC, Disney Entertainment & Sports LLC, Disney Platform Distribution, Inc., Bamtech, LLC, Hulu, LLC, and ESPN, Inc., Case No. 2:25-cv-00895-WLH-BFM</i>	Disney Action
10 11 12 13 14	<i>Dolby Laboratories, Inc., Dolby Laboratories Licensing Corp., and Dolby International AB v. InterDigital, Inc. and InterDigital Madison Patent Holdings, SAS, Case No. 2:26-cv-2270-AB-SP</i>	Omnibus Action
15	Dkt. 1 in DJ Action	DJ Complaint
16	Dkt. 1 in Disney Action	Disney Complaint

Notes: All emphasis added unless otherwise stated.

1 **I. INTRODUCTION**

2 InterDigital has targeted Dolby by suing *four* of its customers—Disney,
3 Amazon, Hisense, and TCL—in a coordinated litigation campaign across the globe,
4 beginning with Disney and accelerating more recently over the past few months. Each
5 of these cases involves at least one patent asserted against “Dolby Vision,” a Dolby
6 product that provides High Dynamic Range (“HDR”) video in streaming applications.
7 InterDigital first launched its litigation campaign against Dolby Vision by suing
8 Disney in this Court. Specifically, InterDigital accuses Disney of infringing the ’268
9 patent (among others) based solely on its use of Dolby Vision and applying “the
10 Dolby Vision workflow.” InterDigital then expanded its enforcement campaign
11 against Dolby Vision, targeting Amazon, Hisense, and TCL in cases filed from
12 November 2025 to February 2026—suing each of those Dolby customers in multiple
13 forums, and asserting in each case at least one patent focused on Dolby Vision.
14 InterDigital’s strategy is clear: spread out the litigation and the asserted patents, so it
15 becomes unwieldy and expensive for Dolby to defend the same product across
16 multiple patents, customers, and courts.

17 Through this DJ Action, Dolby seeks to defend itself, its product, and its
18 customers, including Disney. Dolby seeks declarations that the asserted claims of the
19 ’268 patent are not infringed and that the patent is invalid. Together with its separate
20 declaratory judgment action filed in this Court,¹ Dolby seeks to consolidate the
21 various suits against Dolby’s customers into a single court to streamline the litigation,
22 conserve judicial resources, avoid conflicting decisions, and reduce the burden on
23 California-based Dolby and its customers.

24 InterDigital has pursued a deliberate strategy to prevent *Dolby*—the party that
25 developed and commercialized the accused technology, *Dolby* Vision—from
26

27 ¹ Dolby filed a DJ action on five other InterDigital patents asserted against Amazon,
28 TCL, and Hisense. *See* Omnibus Action. Since proceedings on the ’268 patent are
farther advanced, Dolby filed this DJ Action separately to avoid delay.

1 defending that technology, first by suing only Dolby’s customers, and now by seeking
2 to dismiss this DJ Action. InterDigital even goes so far as to attempt to invert the
3 narrative, claiming that “unprompted, Dolby beg[an] an aggressive litigation
4 campaign against InterDigital” and that “Dolby inexplicably and without warning
5 initiated litigation against InterDigital.” *See* Defs.’ Mot. To Dismiss (“Mot.”),
6 Dkt. 27 at 5 (capitalization normalized). The opposite is true. InterDigital initiated
7 an aggressive and escalating enforcement campaign against Dolby Vision, including
8 by obtaining an injunction in Germany based on the European counterpart to the ’268
9 patent—an injunction that resulted in Dolby Vision being disabled in Germany.

10 Dolby has established subject matter jurisdiction in this case. First, Dolby is
11 the “true defendant” as to the ’268 patent because InterDigital has effectively accused
12 Dolby of indirect infringement by alleging that Disney infringes merely by using
13 Dolby’s product according to Dolby’s instructions. Dkt. 1 ¶¶23-24. InterDigital
14 admits (at 7) that the Court “accepts the truth of the plaintiff’s allegations.”
15 InterDigital’s stipulation *with Disney* regarding indirect infringement *by Disney*
16 (Disney Action, Dkt. 83) does not negate the legal peril *Dolby* faces for indirect
17 infringement and therefore does not defeat declaratory judgment jurisdiction.

18 Second, the DJ Complaint alleges that Dolby is obliged to indemnify Disney,
19 and this independently establishes jurisdiction. Dkt. 1 ¶25. Dolby has submitted
20 additional, indisputable evidence [REDACTED]. *See* Gothing
21 Decl. and Exs. A-B. InterDigital itself admits (at 18) “the supplier has standing if . . .
22 it is obligated to indemnify its customers from infringement liability.” Dolby and
23 InterDigital’s adverse legal interests are thus sufficient for jurisdiction, particularly in
24 light of InterDigital’s widespread litigation campaign directed at Dolby Vision.

25 InterDigital’s arguments about delay are irrelevant to standing and incorrect.
26 Dolby has not delayed and does not seek delay. Dolby filed this DJ Action in the
27 same Court as the Disney Action to promote efficiency. Dolby will not challenge the
28 Court’s existing claim constructions, will limit discovery, and will prepare for trial as

1 soon as possible. By contrast, it was InterDigital’s own delayed actions that prompted
2 Dolby to file this DJ Action now, as InterDigital significantly expanded its
3 enforcement campaign in recent months by suing additional Dolby customers—
4 including Amazon, Hisense and TCL—in six separate lawsuits in five different
5 forums in the U.S. alone. Dkt. 1 ¶5.

6 Moreover, as InterDigital admits (at 20), “[u]nder the ‘customer-suit’ exception
7 to the first to file rule, ‘[w]hen a patent owner files an infringement suit against a
8 manufacturer’s customer and the manufacturer then files an action of noninfringement
9 or patent invalidity, the suit by the manufacturer generally *take[s] precedence*.’” That
10 means this DJ Action should take precedence over the Disney Action regarding the
11 ’268 patent. Further, Dolby does not seek to stay the entire Disney Action; rather, the
12 ’268 patent should be severed and stayed. The remaining four patents in that case do
13 not involve Dolby Vision, and several raise unrelated and complex issues, including
14 standard essential patent (SEP) claims and InterDigital’s FRAND obligations. The
15 ’268 patent is thus independent and distinct, and the Court should permit Dolby to
16 take the lead in defending its own technology in this action.

17 The Court should deny InterDigital’s motion to dismiss.

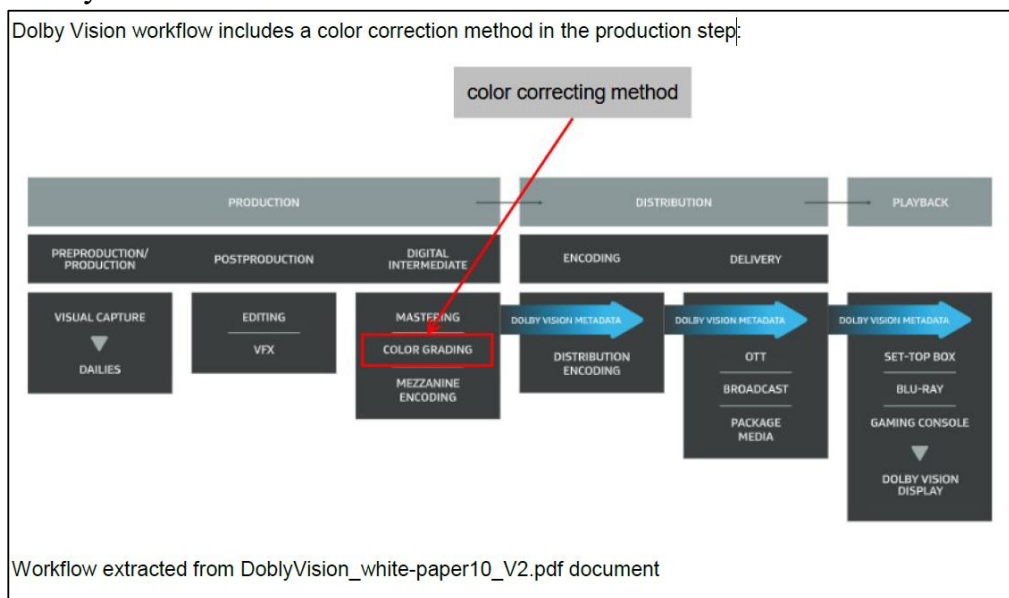
18 **II. FACTUAL BACKGROUND**

19 InterDigital sued Disney on the ’268 patent based solely on Disney’s use of
20 Dolby Vision and “the Dolby Vision workflow.”² See DJ Complaint ¶¶23-24.
21 InterDigital’s original claim chart for the ’268 patent—attached to the Disney
22 Complaint as Exhibit D.2—accuses Disney of infringement because “the Disney
23 Accused Instrumentalities are color corrected using Dolby Vision” and because
24

25 ² As stated in the DJ Complaint, “Dolby Vision is a high dynamic range (“HDR”) video technology developed and owned by Dolby Laboratories. Dolby Licensing
26 makes Dolby Vision available to third parties through licensing arrangements under
27 which customers implement the technology in their products and services in
28 accordance with Dolby’s specifications.” Dkt. 1 ¶21.

Disney follows “the Dolby Vision workflow.” *See* Disney Action, Dkt. 1-8 at 2. Then, for *every claim element in each of asserted claims 1-11*, InterDigital relies exclusively on Dolby documentation and instructions—identifying no Disney specific technology or authored materials as evidence of infringement. *Id.*

For example, with respect to the preamble of claim 1, which recites “[a] method for color correcting,” InterDigital states that the “Dolby Vision workflow includes a color correction method in the production step” and reproduces the following figure from a Dolby document:



Id. All the remaining claim elements are addressed in the same manner. InterDigital does not allege Disney infringes the ’268 patent in any way other than by using Dolby Vision and following the Dolby workflow.

InterDigital’s Preliminary Infringement Contentions for the ’268 patent are the same. InterDigital bases its infringement theory on the allegation that Disney “color correct[s] videos in accordance with the Dolby Vision color correction workflow.” Ex. 1 at p. 11 (footnote omitted).³ In its Infringement Contentions, InterDigital

³ While InterDigital does allege that Disney also uses a technology called HDR10+, it does not cite any HDR10+ documentation. InterDigital has not amended amended

reproduces technical support solely from Dolby Vision documentation. For example, InterDigital reproduces excerpts from the following Dolby-authored documents describing Dolby Vision workflow and operation (Ex. 1, p. 11 (highlighted)):

References	[1] Dolby Vision for content creators, Overview, last visited on 4/4/2025, https://professional.dolby.com/content-creation/dolby-vision-for-content-creators/ [2] Dolby Vision for content creators, Workflows, last visited on 4/4/2025, https://professional.dolby.com/content-creation/dolby-vision-for-content-creators/2 [3] Dolby Vision Color Grading Best Practices Guide, Version 4.3, February 18, 2021. [4] Video quality on Disney+, last visited on 4/17, https://help.disneyplus.com/article/disneyplus-video-quality [5] Disney+ Latest Big Streamer to Deploy HDR10+, dated 1/8/2025, https://www.mediaplaynews.com/disney-plus-latest-big-streamer-to-deploy-hdr10-plus/ [6] Video quality on Hulu, last visited on 4/17, https://help.hulu.com/article/hulu-video-quality [7] Dolby Vision for the Home, DolbyDolbyVision white-paper10 V2.pdf
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To the extent InterDigital includes references to Disney webpages or public articles, those citations (4-6) merely identify that Disney uses Dolby Vision (or provide general background); InterDigital does not use references 4-6 to supply any technical evidence in its claim charts. For every claim element, InterDigital relies solely on Dolby documentation describing the Dolby Vision workflow and operation of Dolby Vision. Ex. 1, pp. 11-101.

In addition, as detailed in Dolby’s DJ Complaint, InterDigital has engaged in a sustained and escalating worldwide patent campaign against Dolby Vision while avoiding engaging Dolby directly. The DJ Complaint elaborates: “For example, InterDigital sued Disney in Munich Regional Court, asserting Disney infringed a European counterpart to the ’268 Patent, EP2132923 (“Germany Injunction Suit”).” Dkt. 1 ¶7. As part of the Germany Injunction Suit, InterDigital sought and received an injunction in November 2025 against Disney’s use of implicated technology, which, on information and belief, led Disney to disable Dolby Vision in Germany.” *Id.*

InterDigital has also expanded its litigation campaign by filing numerous additional suits against other Dolby customers in multiple jurisdictions. In November 2025, InterDigital sued Amazon in Delaware, asserting two patents directed at Dolby

its infringement contentions to map the claims to HDR10+—even as fact discovery was set to close on April 20.

InterDigital is solely targeting Dolby Vision with the ’268 patent.

1 Vision. *Id.* ¶5. In December 2025, InterDigital sued Amazon again, this time in
2 Virginia, asserting an additional patent directed at Dolby Vision. *Id.* That same
3 month, InterDigital sued Amazon a *third* time—this time in the ITC—asserting the
4 same patents as in the Delaware action. *Id.* Then just recently, in February 2026,
5 InterDigital sued TCL in Texas and Hisense in Georgia, asserting two additional
6 patents directed at Dolby Vision, and shortly thereafter InterDigital filed a parallel
7 ITC proceeding against TCL and Hisense asserting the same patents. *Id.* InterDigital
8 also brought three parallel patent actions against Amazon in Germany and European
9 patent courts, asserting European counterparts to the U.S. patents at issue
10 domestically. These additional six patent infringement actions and three European
11 filings targeting Dolby Vision underscore that there is a direct and concrete dispute
12 between InterDigital and Dolby, which InterDigital has attempted to fragment across
13 customers, patents, and forums.

14 Not surprisingly, technical discovery for the '268 patent in the Disney Action
15 has focused on Dolby and Dolby Vision. Last fall, InterDigital served subpoenas on
16 Dolby asking for technical documentation and source code, and Dolby produced
17 technical documents and Dolby Vision source code. *Id.* ¶26. InterDigital has been
18 inspecting that source code. Disney does not have technical documents describing
19 the design and inner workings of Dolby Vision (other than documents provided by
20 Dolby) and does not have witnesses who can testify as to the technical features of
21 Dolby Vision (other than how Disney uses the product).

22 By contrast, Dolby is not the basis for InterDigital's infringement allegations
23 for any four remaining patents at issue in the Disney Action. Three of those patents
24 relate to standard essential patent claims and InterDigital's corresponding FRAND
25 obligations. The fourth remaining patent concerns unrelated user-interface
26 technology. Only the '268 patent is asserted based on Dolby Vision.

27 Trial in the Disney Action is currently set for February 8, 2027, following a
28 recent extension. Disney Action, Dkt. 166.

1 **III. LEGAL STANDARD**

2 Under the Declaratory Judgment Act, 28 U.S.C. § 2201, a court has subject
3 matter jurisdiction over a declaratory judgment action when “the facts alleged, *under*
4 *all the circumstances*, show that there is a substantial controversy, between parties
5 having adverse legal interests, of sufficient immediacy and reality to warrant the
6 issuance of a declaratory judgment.” *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S.
7 118, 127 (2007) (internal quotations omitted). An “adverse legal interest” requires a
8 dispute regarding a legal right—for example, an underlying legal cause of action that
9 the declaratory defendant could have brought or threatened to bring. *Arris Grp., Inc.*
10 *v. Brit. Telecomms PLC*, 639 F.3d 1368, 1374 (Fed. Cir. 2011).

11 The Federal Circuit has conclusively held that “where a patent holder accuses
12 customers of direct infringement based on the sale or use of a supplier’s equipment,
13 the supplier has standing to commence a declaratory judgment action if (a) the
14 supplier is obligated to *indemnify* its customers from infringement liability, *or* (b)
15 there is a controversy between the patentee and the supplier as to the supplier’s
16 liability for *induced or contributory infringement* based on the alleged acts of direct
17 infringement by its customers.” *Id.* at 1375.

18 Moreover, “a patentee’s aggressive enforcement strategy, *even in the absence*
19 *of direct threats against the declaratory plaintiff*, may also support jurisdiction.”
20 *Microsoft Corp. v. DataTern, Inc.*, 755 F.3d 899, 906 (Fed. Cir. 2014) (holding direct
21 infringement claims against supplier’s customer by patentee for use of supplier’s
22 products may give rise to indirect infringement liability against supplier and warrant
23 declaratory judgment jurisdiction over supplier’s noninfringement claims). “[W]e
24 cannot read the Declaratory Judgment Act so narrowly as to require that a party
25 actually be confronted with an *express* threat of litigation to meet the requirements of
26 an actual case or controversy. Such a requirement would utterly defeat the purpose
27 of the Declaratory Judgment Act, which in patent cases is to provide the allegedly
28 infringing party relief from uncertainty and delay regarding its legal

rights.” *Goodyear Tire & Rubber Co. v. Releasomers, Inc.*, 824 F.2d 953, 955-56 (Fed. Cir. 1987) (emphasis in original). Thus, a patentee need not make “specific accusations” of direct or indirect infringement to find jurisdiction. *Arkema Inc. v. Honeywell Int’l, Inc.*, 706 F.3d 1351, 1357–58 (Fed. Cir. 2013)).

Finally, as InterDigital admits (at 7), it has made a “facial” attack under Rule 12(b)(1). Under that posture, the Court “accepts the truth of the plaintiff’s allegations” and considers whether they “are insufficient on their face to invoke federal jurisdiction.” *Leite v. Crane Co.*, 749 F.3d 1117, 1121 (9th Cir. 2014); *see also Mitek Sys., Inc. v. United Servs. Auto. Ass’n*, 139 F.4th 1340, 1347 (Fed. Cir. 2025) (applying regional-circuit law in determining whether a Rule 12(b)(1) motion is facial or factual). Thus, in a facial attack the Court applies a Rule 12(b)(6) analysis: “Accepting the plaintiff’s allegations as true and drawing all reasonable inferences in the plaintiff’s favor, the court determines whether the allegations are sufficient as a legal matter to invoke the court’s jurisdiction.” *Id.* The Court may also consider additional evidence submitted to establish jurisdiction. *E.g.*, *Mitek*, 139 F.4th at 1347 (“the complaint supplemented by undisputed facts plus the court’s resolution of disputed facts”); *Lacano Invs., LLC v. Balash*, 765 F.3d 1068, 1071 (9th Cir. 2014) court “may look beyond the complaint and consider extrinsic evidence”).

IV. ARGUMENT

A. Dolby Has Established Subject Matter Jurisdiction

1. Implicit Allegations of Indirect Infringement Establish a Case or Controversy

Under established law, implicit accusations of indirect infringement—whether by inducement or contributory infringement—are sufficient to establish an actual case or controversy for subject matter jurisdiction. *E.g.*, *Arris*, 639 F.3d at 1375. In *Microsoft v. DataTern*, for example, the Federal Circuit held “the claim charts in the customer suits strongly support the conclusion that the district court had jurisdiction.” 755 F.3d at 903. The case involved two patents involving DJ plaintiffs SAP and

1 Microsoft. SAP is instructive. The court emphasized that “claim charts alleging
2 SAP’s customers’ infringement of the ’402 and ’502 patents cite to SAP provided
3 BusinessObjects user guides and documentation for each element of the
4 representative claims.” *Id.* at 902. The court further reasoned that “[p]roviding
5 instructions to use a product in an infringing manner is evidence of the required
6 mental state for inducing infringement.” *Id.* at 905. The court concluded that, on this
7 record, SAP had established the existence of a substantial controversy whether SAP
8 had induced infringement. *Id.*

9 This case is the same. Dolby’s detailed pleadings—which InterDigital admits
10 the Court must accept as true (*see* Mot. at 7)—demonstrate that “InterDigital’s
11 complaint against Disney . . . squarely and expressly targets Dolby’s ‘Dolby Vision
12 workflow,’ accusing Disney of infringing the ’268 Patent *solely* by virtue of Disney’s
13 incorporation and use of Dolby Vision.” Dkt. 1 ¶¶23-24. That is more than sufficient
14 to establish an implicit allegation of inducement *or* contributory infringement, both
15 of which are present here and either of which is sufficient to establish declaratory
16 judgment jurisdiction.

17 First, “[t]o prove inducement of infringement, unlike direct infringement, the
18 patentee must show that the accused inducer took an affirmative act to encourage
19 infringement with the knowledge that the induced acts constitute patent
20 infringement.” *Microsoft v. DataTern*, 755 F.3d at 904; 35 U.S.C. § 271(b). Here, as
21 established by the DJ Complaint, InterDigital expressly relies on Dolby’s instructions
22 to Disney—the “Dolby Vision workflow”—to allege infringement and includes
23 excerpts from Dolby documents for each claim element. Dkt. 1 ¶¶23-24. This is just
24 like *DataTern*. Dolby also had knowledge of the alleged infringement before filing
25 its complaint. *Id.* ¶27. Thus, Dolby reasonably apprehends an implicit accusation
26 that it induces Disney’s alleged infringement.

27 Second, “an act of contributory infringement may include . . . the sale of a
28 ‘material or apparatus for use in practicing a patented process.’” *Arris*, 639 F.3d at

1 1376; 35 U.S.C. § 271(c). “This covers both contributory infringement of system
2 claims and method claims.” *Arris*, 639 F.3d at 1376. “To hold a component supplier
3 liable for contributory infringement, a patent holder must show, *inter alia*, that (a) the
4 supplier’s product was used to commit acts of direct infringement; (b) the product’s
5 use constituted ‘a material part of the invention’; (c) the supplier knew its product was
6 ‘especially made or especially adapted for use in an infringement’ of the patent; and
7 (d) the product is ‘not a staple article or commodity of commerce suitable for
8 substantial noninfringing use.’” *Id.*

9 Here, the DJ Complaint establishes that InterDigital’s infringement claim
10 charts allege elements of contributory infringement, namely: InterDigital accuses
11 Disney of infringing by using Dolby Vision; InterDigital attributes every claim
12 element to Dolby Vision, demonstrating that Dolby Vision is a material component;
13 Dolby was aware of InterDigital’s accusations before Dolby filed its Complaint; and
14 InterDigital identifies no substantial non-infringing use for Dolby Vision. *See* Dkt. 1
15 ¶¶23-24. Indeed, according to InterDigital, infringement of the ’268 patent is
16 established merely because “the Disney Accused Instrumentalities are color corrected
17 using Dolby Vision.” *Id.* ¶24. Dolby thus reasonably apprehends an implicit assertion
18 that Dolby Vision lacks substantial noninfringing uses and contributorily infringes.
19 This directly contradicts InterDigital’s assertion (at 7) that “InterDigital engaged in
20 no affirmative acts directed at Dolby that would implicate Dolby of infringement.”

21 InterDigital’s contention that its infringement allegations depend on
22 “subjective coloring decisions” by Disney or the use of “other software” is attorney
23 argument unsupported by its pleadings and claim charts. *E.g.*, *Mot.* at 13. As pled in
24 the DJ Complaint, InterDigital’s Disney Complaint and its infringement contentions
25 allege infringement based solely on Disney’s use of Dolby Vision. *See* Dkt. 1 ¶¶23-
26 24. The word “subjective” never appears in InterDigital’s claim charts. In addition,
27 InterDigital’s argument that the asserted claims require a computer monitor not
28 supplied by Dolby also misses the mark. As InterDigital itself emphasizes, it asserts

1 method claims. Those claims concern how a monitor is *used*, not who supplies it, and
2 do require the alleged infringer to supply the monitor. InterDigital’s attempt (at 10)
3 to characterize its claim charts as merely “exemplary” likewise fails. InterDigital has
4 taken the unequivocal position that *use* of Dolby Vision *infringes* its claims, and it
5 has identified no alternative theory of infringement.

6 Further, InterDigital’s reliance on *Mitek* is misplaced because that case is
7 readily distinguishable. *See* Mot. at 8 (citing *Mitek*, 139 F.4th 1340). There, the
8 patentee “never accused the MiSnap software of satisfying every limitation of any
9 claim.” *Mitek*, 139 F.4th at 1349 (two of three limitations of one claim and four of
10 seven limitations in another claim). In addition, in *Mitek* there was no “suggestion,
11 in claim charts or otherwise, that MiSnap is not suitable for substantial non-infringing
12 uses.” *Id.* at 1346. That stands in stark contrast to this case, where InterDigital cites
13 Dolby Vision for every claim element of the asserted claims, and InterDigital has
14 identified no noninfringing use. Dkt. 1 ¶¶23-24.

15 InterDigital’s arguments regarding method claims are meritless. InterDigital
16 contends that because the asserted claims are method claims, Dolby cannot be accused
17 of infringement. But both *Microsoft v. DataTern* and *Arris* involved method claims,
18 and the Federal Circuit made clear that a software supplier may be accused of
19 inducing or contributorily infringing method claims where the patentee alleges that
20 customers infringe by using the supplier’s product according to the supplier’s
21 instructions. *E.g.*, *Microsoft v. DataTern*, 755 F.3d at 904 (“DataTern has accused
22 customers using Appellees’ software packages of infringing the asserted method
23 claims”); *Arris*, 639 F.3d at 1376 (“This covers both contributory infringement of
24 system claims and method claims.”). It does not matter for present purposes whether
25 Dolby is accused of direct or divided infringement. It has a reasonable apprehension
26 of liability for indirect infringement, and that is enough.

27 Finally, InterDigital’s stipulation with Disney regarding *Disney’s* indirect
28 infringement is irrelevant. That stipulation merely states, “InterDigital’s Complaint

1 filed on Feb. 2, 2025 (Dkt. 1) (the ‘Original Complaint’) does not include claims of
2 inducement of infringement, contributory infringement, or willful infringement,” and
3 expressly provides that it “in no way alters InterDigital’s allegations related to any
4 claim set forth in Counts I through V of the Original Complaint.” Disney Action,
5 Dkt. 83. In other words, this stipulation says nothing about indirect infringement *by*
6 *Dolby* and maintains all allegations on which Dolby’s declaratory judgment suit is
7 based. Moreover, the stipulation does not promise that InterDigital will *never* make
8 an indirect claim against Disney, just that such claims are not “include[d]” in
9 InterDigital’s February 2, 2025 Complaint.

10 Such a stipulation falls short of eliminating an actual controversy. In *Super*
11 *Sack Manufacturing Corp. v. Chase Packaging Corp.*, 57 F.3d 1054, 1059-60 (Fed.
12 Cir. 1995), the Federal Circuit held that a patentee may only extinguish DJ jurisdiction
13 by providing a complete covenant not to sue for past and present acts. *See also Arris*,
14 639 F.3d at 1381 (representation that patentee “do[es] not assert that [Arris’ products]
15 directly infringe ... [or] that [Arris] contributorily infringe[s]” falls “far short of a
16 covenant not to sue” and “provides a level of additional support for our finding that
17 an actual controversy exists”). InterDigital has provided no such covenant here. It
18 has provided no promise it will not assert claims against Dolby related to it or other
19 customers for past and present acts. At most, it agreed with Disney that InterDigital
20 *had not asserted* indirect claims in the Disney complaint. Disney Action, Dkt. 83
21 (Disney complaint “does not include” such claims). In short, InterDigital has not
22 provided a covenant *not to sue* Disney for indirect infringement, let alone a covenant
23 not to sue *Dolby and its remaining customers*.

24 Thus, Dolby has established subject matter jurisdiction for its DJ Action.

25 **2. Dolby’s Indemnity Obligations to Disney Also Establish a**
26 **Case or Controversy**

27 Dolby has also established subject matter jurisdiction in a second, independent
28 way. As InterDigital admits, a “supplier has standing if . . . it is obligated to indemnify

1 its customers from infringement liability.” Mot. at 18 (citing *Arris*, 639 F.3d at 1375).
2 The DJ Complaint states that “Dolby will comply with existing contractual indemnity
3 obligations to Disney.” Dkt. 1 ¶25. While succinct, that statement is factual, not a
4 mere recitation of a legal standard. The Court therefore must accept it as true and
5 draw all reasonable inferences in Dolby’s favor, as InterDigital admits. Mot. at 7
6 (citing *Leite*, 749 F.3d at 1121). Accepting the allegations as true, Dolby has properly
7 pled indemnity obligations to Disney arising from this case and has alleged it is
8 honoring those obligations. *See also Fin. Fusion, Inc. v. Ablaise Ltd.*, No. C-06-2451
9 PVT, 2006 WL 2792872, at *3 (N.D. Cal. Sept. 28, 2006) (alleging mere existence of
10 indemnity agreement sufficient to establish jurisdiction).

11 In addition, InterDigital is likely aware of Dolby’s indemnity obligations
12 because relevant contracts were produced in the Disney case. Dolby did not include
13 further details in its DJ Complaint about indemnity to avoid having to file its pleading
14 under seal. Nevertheless, Dolby hereby submits a declaration from Ms. Gothing
15 confirming that [REDACTED]

16 [REDACTED]
17 [REDACTED].
18 *See* Gothing Decl. ¶¶6-7. The relevant contracts are also attached as Exs. A and B to
19 the declaration.

20 These facts regarding indemnity establish a second, concrete legal peril to
21 Dolby. They independently confirm the presence of a genuine case or controversy
22 and subject matter jurisdiction. *Arris*, 639 F.3d at 1375.

23 InterDigital again relies on *Mitek* with respect to indemnification, and again
24 that reliance is misplaced. Mot. at 18-19. In *Mitek*, the court found “Mitek could not
25 have reasonably believed it would be subject to indemnification liability” because
26 “each agreement contained applicable carve-outs that precluded a reasonable
27 potential for indemnification liability.” 139 F.4th at 1354. [REDACTED]

1 [REDACTED] Dolby has accepted its contractual indemnity obligation to Disney
2 according to the contractual terms.⁴

3 Finally, InterDigital’s argument that Dolby should have intervened in the
4 Disney Action has nothing to do with subject matter jurisdiction because it does not
5 negate the existence of a case or controversy. That very issue was recently litigated
6 in the Central and Southern Districts of California. In *Fleet Connect Solutions LLC*
7 *v. Schneider National Carriers Inc.*, this District granted a motion to stay a customer
8 suit because the supplier was the “true defendant.” *See* Case No. 24-cv-10435, Dkt.
9 60 (C.D. Cal. June 10, 2025) (Vera, J.). The Southern District then denied a motion
10 to dismiss the supplier’s declaratory action. *Platform Sci., Inc. v. Fleet Connect Sols.*
11 *LLC*, Case No. 25-CV-457-DMS-SBC, 2025 WL 2308101 (S.D. Cal. Aug. 11, 2025)
12 (Sabraw, J.). The Southern District relied in part on the supplier’s indemnity
13 obligations and rejected the argument that the supplier was required to intervene in
14 the customer suit because that was an issue of venue not subject matter jurisdiction.
15 *See id.* at *5 (“This argument”—i.e., that the DJ plaintiff must intervene in the
16 customer suit—“concedes subject matter jurisdiction”). Dolby addresses venue
17 further in section B below. For present purposes, the Court should reject
18 InterDigital’s challenge to subject matter jurisdiction.

19 **3. “All the Circumstances” Also Establish a Case or**
20 **Controversy**

21 This is a textbook case for declaratory judgment. InterDigital has chosen to
22 accuse several Dolby customers of infringing InterDigital’s video processing patents
23

24 ⁴ InterDigital’s other cited cases are also distinguishable. *See* Mot. at 18. *Proofpoint,*
25 *Inc. v. Innova Patent Licensing, LLC*, No. 5:11- cv-02288-LHK, 2011 WL 4915847
26 (N.D. Cal. Oct. 17, 2011), involved only indemnity requests, not a pleaded allegation
27 of an existing contractual obligation. *See id.* at *5. In *Microsoft Corporation v.*
28 *SynKloud Technologies, LLC*, 484 F. Supp. 3d 171 (D. Del. 2020), Microsoft’s
complaint was silent on indemnity. *Id.* at 179.

1 solely because they use Dolby Vision. *See* DJ Complaint ¶5. This makes Dolby the
2 “true defendant,” and “all the circumstances” demonstrate “a substantial controversy,
3 between parties having adverse legal interests, of sufficient immediacy and reality to
4 warrant the issuance of a declaratory judgment.” *See MedImmune*, 549 U.S. at 127.

5 As the Federal Circuit has explained, “a patentee’s aggressive enforcement
6 strategy, even in the absence of direct threats against the declaratory plaintiff,” may
7 establish subject matter jurisdiction. *Microsoft v. DataTern*, 755 F.3d at 906. Here,
8 InterDigital has targeted multiple Dolby Vision customers across the United States
9 and abroad: Disney in California, European patent courts, and Germany; Amazon in
10 Virginia, Delaware, the ITC, European patent courts, and Germany; Hisense in
11 Georgia, the ITC, European patent courts, and Germany; and TCL in Texas, the ITC,
12 European patent courts, and Germany. Dkt. 1 ¶5. In the U.S. cases alone, InterDigital
13 has asserted five patents against the use of Dolby Vision. InterDigital obtained an
14 injunction against Dolby Vision in Germany for the ’268 patent’s European
15 counterpart, whose claims are nearly identical to those at issue here. *Id.* ¶7.

16 InterDigital has also requested injunctive relief in the Disney Complaint. Given
17 InterDigital’s aggressive posture in Germany, Dolby reasonably apprehends that
18 InterDigital will seek injunctive relief in the United States against Dolby Vision. That
19 concrete threat gives Dolby a direct and immediate need to defend its technology by
20 adjudicating InterDigital’s claims on the merits. Adjudicating those claims in a single
21 forum will be most efficient for the parties and the Court. That is precisely why Dolby
22 has brought both this DJ Action, as well as the related Omnibus Action, in this Court.

23 **B. This Court Should Allow Dolby to Seek a Declaratory Relief**

24 The Court should also reject InterDigital’s request to exercise its discretion to
25 deny declaratory relief. Dolby has not unduly delayed filing suit, and it deserves an
26 opportunity to defend its technology and its customers, as detailed below. As
27 InterDigital admits, a “suit by the manufacturer generally take[s] precedence.” Mot.
28 at 20 (citing *Upaid Sys., Ltd. v. CleanDan*, No. SA-CV-18-00619-AB-SSx, 2018 WL

1 5279567, at *2 (C.D. Cal. July 25, 2018), and *In re Nintendo of Am., Inc.*, 756 F.3d
2 1363, 1365 (Fed. Cir. 2014)). Unlike a downstream customer, an upstream
3 manufacturer (here, Dolby) represents “the real party in interest,” and an infringement
4 claim against the manufacturer “is more likely to restore contested property rights
5 nationwide than securing an injunction” against a downstream customer. *Upaid Sys.*,
6 2018 WL 5279567, at *3 (Birotte, J.) (granting stay of customer suit in favor of
7 manufacturer action based on “customer suit exception”) (quotation omitted).

8 **1. Disney Is Merely an End-User of the Accused Dolby Product**

9 As discussed above, InterDigital’s infringement contentions allege
10 infringement of the ’268 patent based solely on Disney using Dolby Vision as
11 provided and instructed by Dolby. Although InterDigital asserts method claims, the
12 customer-suit exception nevertheless applies in this circumstance. *See Upaid Sys.*,
13 2018 WL 5279567, at *3 (granting stay based on customer-suit exception where
14 plaintiff accused “customers in district courts across the country” of infringing
15 method claims through its “use of the allegedly infringing technology”); *Network Sys.*
16 *Techs., LLC v. Samsung Elecs. Co.*, No. 2:22-CV-00481, 2023 WL 7649372, at *6
17 (E.D. Tex. Nov. 14, 2023) (applying customer-suit exception where customer merely
18 used the manufacturer’s products and finding “this Court is unpersuaded that method
19 claims should be treated differently”); *Dali Wireless, Inc. v. Ericsson Inc.*, No. 22-
20 CV-1313, 2023 WL 1423990, at *4 (W.D. Tex. Jan. 30, 2023) (applying customer-
21 suit exception where plaintiff accused customer of infringing method claims through
22 its “use of [manufacturer] Ericsson’s Radio Dot system”).

23 InterDigital has alleged infringement only based on the use of a product—
24 Dolby Vision—designed, licensed, and supplied by the “true defendant,” Dolby.
25 Disney’s alleged connection to Dolby Vision is that Disney licenses it from Dolby
26 and uses “the Dolby Vision workflow.” Disney therefore has little substantive
27 knowledge to add to the resolution of key issues beyond what the Dolby engineers
28 can provide regarding the design and inner workings of Dolby Vision. In short,

1 Disney is merely an end-user of the accused Dolby Vision, a product provided
2 exclusively by Dolby. Thus, this factor favors declaratory judgment.

3 **2. The Dolby DJ Action Will Likely Resolve This Case as to the**
4 **'268 Patent**

5 InterDigital will be bound by any determination of noninfringement or
6 invalidity in the DJ Action based on issue preclusion and the *Kessler* doctrine. Issue
7 preclusion, also called collateral estoppel, bars “successive litigation of an issue of
8 fact or law actually litigated and resolved in a valid court determination essential to
9 the prior judgment.” *Taylor v. Sturgell*, 553 U.S. 880, 892 (2008); *see also Aspex*
10 *Eyewear, Inc. v. Zenni Optical Inc.*, 713 F.3d 1377, 1381 (Fed. Cir. 2013). Created
11 by the Supreme Court, the *Kessler* doctrine (*Kessler v. Eldred*, 206 U.S. 285 (1907))
12 is a patent-specific defense that extends issue and claim preclusion by preventing
13 patent owners from suing customers of a party previously adjudged not to
14 infringe. *See Wisconsin Alumni Rsch. Found. v. Apple Inc.*, 112 F.4th 1364, 1384
15 (Fed. Cir. 2024) (“*WARF*”) (“*Kessler* is a patent-specific preclusion doctrine that ‘fills
16 the gap between [claim and issue] preclusion doctrines ... allowing an adjudged non-
17 infringer to avoid repeated harassment for continuing its business as usual post-final
18 judgment.’”) (quoting *Brain Life, LLC v. Elekta Inc.*, 746 F.3d 1045, 1056 (Fed. Cir.
19 2014)).

20 Furthermore, if Dolby were to fail in its declaratory-judgment action and
21 InterDigital is awarded damages, InterDigital will be fully compensated and cannot
22 seek damages for Dolby’s customers’ use of the same products. *See Intel Corp. v.*
23 *ULSI Sys. Tech. Inc.*, 995 F.2d 1566 (Fed. Cir. 1993) (holding that a patentee can
24 collect only one royalty from a patent infringement).

25 This factor therefore favors allowing this Dolby DJ Action to proceed.

26 **3. InterDigital Will Not Be Harmed by this DJ Action**

27 Dolby filed its DJ Action in the same Court as the Disney Action, and it has
28 been designated a related case. Dkt. 20. Proceeding in this forum allows this Court

1 to capitalize on its work to date. Dolby will not challenge the Court’s existing claim
2 constructions, will limit discovery, and will proceed to trial on an expedited schedule.

3 In addition, a brief delay in obtaining damages (should InterDigital prevail) will
4 not harm InterDigital. The Court can consider the fact that InterDigital itself describes
5 its business as “a pure research, innovation, and licensing company” that does “not
6 manufacture products or host services.”⁵ *See PersonalWeb Techs., LLC v. Apple Inc.*,
7 69 F. Supp. 3d 1022, 1030 (N.D. Cal. 2014) (finding no undue prejudice in part
8 because the parties “did not compete in the marketplace”). Besides, granting this
9 motion and proceeding on Dolby’s DJ action as to the ’268 patent will have no impact
10 on the lion’s share of InterDigital’s claims, as InterDigital will still have multiple
11 patents pending in the Disney Action. Contrary to InterDigital’s assertion (at 6),
12 Dolby has never suggested that the entire Disney Action should be stayed. Rather,
13 the ’268 patent should be severed from the Disney Action and stayed, so that it can
14 proceed here.

15 **4. Denial of Declaratory Relief Will Subject Both Disney and**
16 **Dolby to Hardship**

17 Compelling Disney to continue defending its lawsuit against InterDigital when
18 InterDigital’s infringement allegations focus entirely on Dolby’s product would
19 unfairly prejudice Disney. Disney does not possess or control the vast majority of
20 relevant technical documents or source code relating to Dolby Vision and has limited
21 knowledge of its inner workings. Indeed, in the ordinary course of business, Disney
22 has no access to the Dolby Vision source code. Therefore, discovery related to the
23

24 ⁵ [https://www.interdigital.com/post/earth-day-2022-reflections-on-interdigitals-](https://www.interdigital.com/post/earth-day-2022-reflections-on-interdigitals-environmental-engagement)
25 [environmental-engagement](https://www.interdigital.com/post/earth-day-2022-reflections-on-interdigitals-environmental-engagement) (last visited Apr. 17, 2026); *see also* InterDigital, Inc.,
26 Annual Report (Form 10-K) at 7 (filed Feb. 5, 2026), (“The majority of our revenue
27 is generated from fixed-fee patent license agreements, with a smaller portion coming
28 from variable royalty agreements.”), [https://www.sec.gov/Archives/edgar/data/1405495/000140549526000011/idcc-](https://www.sec.gov/Archives/edgar/data/1405495/000140549526000011/idcc-20251231.htm)
[20251231.htm](https://www.sec.gov/Archives/edgar/data/1405495/000140549526000011/idcc-20251231.htm) (last visited Apr. 17, 2026).

1 '268 patent has necessarily focused on Dolby, requiring substantial third-party
2 discovery to address core technical issues in the case. InterDigital subpoenaed Dolby
3 for technical documents and source code and has spent days inspecting Dolby's
4 source code—demonstrating that Dolby, not Disney, is the “true” source of the
5 evidence InterDigital seeks concerning alleged infringement of the '268 patent.

6 By contrast, litigating directly against Dolby in this DJ Action will streamline
7 discovery for the parties and benefit Disney, InterDigital, and the Court. *See DS*
8 *Advanced Enters., Ltd. v. Cooper Lighting, LLC*, No. CV 5:23-02603-JAK (SHKX),
9 2024 WL 5260939, at *9 (C.D. Cal. Nov. 20, 2024) (Kronstadt, J.) (finding “Plaintiff
10 will have a full and fair opportunity to conduct discovery and pursue claims against
11 the Retailer Defendants” because “the infringement claims as to the Retailer
12 Defendants necessarily rise and fall with issues as to [the manufacturer]’s alleged
13 infringement”); *Network Sys.*, 2023 WL 7649372, at *9 (“NST will not be unduly
14 prejudiced . . . by a . . . stay of the claims against OnePlus because discovery in this
15 matter focuses on Qualcomm as the true defendant.”). Additionally, Disney will be
16 prejudiced by having “to participate in a lawsuit in which it is peripherally involved.”
17 *Altair Instruments, Inc. v. Telebrands Corp.*, No. 2:19-CV-08967, 2020 WL 1956516,
18 at *3 (C.D. Cal. Mar. 31, 2020) (Otero, J.) (holding that similarly situated customer
19 defendant would suffer prejudice and granting stay under customer-suit exception).

20 Additional prejudice arises because the other patents asserted in the Disney
21 Action concern technologies developed by entities other than Dolby. Forcing Dolby
22 Vision—the only technology accused under the '286 patent—into a trial otherwise
23 focused on different issues and technologies wholly unrelated to Dolby and Dolby
24 Vision, would be inconsistent with the purposes of the America Invents Act (“AIA”).
25 The AIA permits joinder of accused infringers “only if” the claims arise from the
26 same accused products or process **and** present common factual issues. 35 U.S.C.
27 § 299(a).

1 Additionally, three of the patents in the Disney Action are alleged standards
2 essential patents (SEPs) relating to the international HEVC (High Efficiency Video
3 Codec) standard, not Dolby Vision. Disney has asserted a counterclaim that
4 InterDigital has breached its contractual obligation to license those patents on fair,
5 reasonable and nondiscriminatory (FRAND) terms. By contrast, the '268 patent is
6 not asserted as a SEP and thus will not involve FRAND licensing issues. Allowing
7 this DJ action to proceed would avoid prejudice to both Disney and Dolby.

8 **5. This DJ Action Will Promote the Orderly Course of Justice**

9 This DJ action will resolve all InterDigital's infringement allegations against
10 Disney related to the '268 patent, which depend solely on Disney's use of the Dolby
11 Vision product supplied exclusively by Dolby. *See Altair Instruments*, 2020 WL
12 1956516, at *3 (recognizing that "the manufacturer is the 'true defendant' in this
13 case"). The Disney Action is also at a stage where substantial judicial and party
14 resources can still be preserved. Although the Court has issued claim constructions,
15 fact discovery remains ongoing, and the Court just granted Disney's motion for an
16 extension of the entire case schedule, including fact discovery. Expert discovery and
17 dispositive motion practice have not yet begun, and trial is scheduled for next year.
18 Courts have found customer suits in comparable stages should be stayed in favor of a
19 manufacturer or supplier DJ. *See, e.g., Altair Instruments*, 2020 WL 1956516, at *1,
20 3 (noting the case was still in "its early stages" more than a year after filing and finding
21 judicial economy warranted a stay); *Network Sys.*, 2023 WL 7649372, at *9 (finding
22 the stage of the case favored stay where trial was less than a year away because "[t]he
23 resolution of the [manufacturer] Case will greatly simplify the instant [customer] case
24 by resolving whether the accused products infringe the vast majority of claims.").

25 Any argument that this DJ Action was filed too late is belied by the critical
26 work left to be done in the Disney Action and by InterDigital's own recent escalation
27 of enforcement activity against Dolby Vision. As stated in the DJ Complaint, this
28 escalation has been progressing from November 2025 through February 2026. *See*

1 Dkt. 1 ¶5. Even after Dolby filed this DJ Complaint, on February 25, 2026,
2 InterDigital sued Hisense and TCL in the ITC with the same patents asserted in Texas
3 and Georgia. InterDigital's own recent conduct underscores that this DJ Action is not
4 only timely, but necessary.

5 Trying the '268 patent separately from the other patents will also simplify the
6 Disney Action for the jury and is consistent with 35 U.S.C. § 299. The remaining
7 patents in the Disney Action do not involve Dolby or Dolby Vision. As noted above,
8 three of the patents asserted by InterDigital against Disney are allegedly SEPs for the
9 HEVC standard, and Disney has counterclaimed that FRAND licensing applies to
10 these three patents. FRAND damages for SEPs involve different legal standards and
11 valuation methodologies from the reasonable royalty analysis applicable to the non-
12 SEP '268 patent. When FRAND damages issues are combined with Disney's breach
13 of contract counterclaim, the '268 patent—governed by different legal and damages
14 standards—naturally severs from the SEPs. In addition, the fourth remaining patent
15 in the Disney Action concerns user-interface technology unrelated to Dolby or Dolby
16 Vision. For these reasons, adjudicating the '268 patent separately here will simplify
17 the proceedings and the issues before the jury.

18 **6. This DJ Action Provides the Most Efficient Path to Resolve**
19 **the Present Dispute**

20 Dolby submits that the most efficient course is to sever the '268 patent claims
21 from the Disney Action and stay those severed claims, allowing this DJ Action to
22 proceed first. Dolby has the best ability to defend its own technology and should be
23 permitted to do so directly. Should the Court prefer an alternative procedural
24 mechanism, it could instead consolidate InterDigital's '268 complaint into this DJ
25 Action or consolidate this DJ action with Dolby's Omnibus DJ Action. This Court
26 has broad discretion to sever or consolidate claims. *E.g.*, *Coleman v. Quaker Oats*
27 *Co.*, 232 F.3d 1271, 1297 (9th Cir. 2000); *Investors Research Co. v. United States*
28 *Dist. Court for the Central Dist. California*, 877 F.2d 777, 777 (9th Cir. 1989).

1 But again, the '268 patent stands apart from the rest. It involves different
2 technology and legal issues from the other patents in the Disney Action. For these
3 reasons, the most efficient, least prejudicial, and orderly course is to proceed with this
4 DJ Action as to the '268 patent, while severing and staying the '268 patent claims as
5 asserted against Disney.

6 **V. CONCLUSION**

7 For the foregoing reasons, the Court should deny InterDigital's motion to
8 dismiss.

9
10 Dated: April 17, 2026

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L.R. 11-6.2 CERTIFICATION

The undersigned, counsel of record for Plaintiffs, certifies that this brief contains 6748 words, which complies with the word limit of L.R. 11-6.1, and likewise complies with the word limit set by Court Order dated March 26, 2026. *See* Dkt. 21 (WLH Standing Order for Newly Assigned Civil Cases) § G.4 (opposition not to exceed 7,000 words).

Dated: April 17, 2026

/s/ Christopher S. Marchese
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