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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Apple Reaches \$250M Deal Over Claims It Overhyped iPhone AI

By **Lauren Berg**

Law360 (May 5, 2026, 9:48 PM EDT) -- Apple customers asked a California federal judge Tuesday to greenlight a \$250 million settlement resolving claims that the tech giant falsely promised the iPhone 16 would include new artificial intelligence Siri features, saying the "exceptional" deal will put cash in class members' hands and provide free future AI software updates.



Apple has agreed to settle allegations it falsely promised features on certain iPhone models, even though they didn't yet exist. (Sipa via AP Images/Marek Antoni Iwanczuk)

In their **motion** for preliminary approval, the customers told the court that the proposed settlement would "provide meaningful, timely relief to millions of consumers nationwide" who bought all models of the iPhone 16 and certain models of the iPhone 15 between June 10, 2024, and March 29, 2025.

The customers — who allege Apple Inc. falsely advertised that its new generation of iPhones would include "enhanced Siri features" as part of its suite of AI tools, even though the feature didn't yet exist — say that the settlement would provide a "per-device payment" of \$25 for class members who submit a valid claim. That could increase as high as \$95 per device depending on how many claims come in.

"The settlement delivers relief far sooner than continued litigation would allow," the customers said. "There would also be risks at each successive phase of litigation due to the novelty of AI-related claims, unsettled legal questions surrounding how reliance and damages should be evaluated for AI-integrated

products marketed through a multiplicity of non-traditional channels, and the rapidly evolving technological landscape, including the timing of the features' ultimate deployment."

"The settlement eliminates these risks and ensures that consumers receive meaningful compensation now," they said.

In addition to paying the \$250 million settlement fund, Apple "anticipates delivering additional Siri Apple Intelligence features in future software updates at no additional cost," the motion said.

Peter Landsheft, represented by Clarkson Law Firm PC, in March 2025 was the first person to file a proposed class action in the Northern District of California, and since then seven **related actions** were filed in, removed to, or transferred to the district, including cases **filed by customers** represented by Kaplan Fox & Kilsheimer LLP and Cotchett Pitre & McCarthy LLP.

The three firms were then appointed interim co-lead counsel in May 2025, and following extensive investigation, the initial consolidated class complaint was filed in July.

Apple moved to dismiss the complaint in late September, arguing that its marketing was not misleading because it already delivered nearly two dozen Apple Intelligence features, and that it had made clear from the outset that those features would be delivered over time and would continue to evolve.

During that time, the parties negotiated case scheduling and discovery protocols, with document production getting started in December, the motion said. The customers said they also conferred with various experts, including a survey expert and an economist to assess the range of potential damages. The parties also participated in three full-day mediation sessions.

According to the motion, plaintiffs' counsel will request no more than \$600,000 for out-of-pocket expenses and no more than 28% of the settlement fund, or \$70 million, for their fees.

Given the risks and costs of continued litigation, the customers said the settlement is "reasonable, fair, adequate and in the best interests of the class." And while they believe their claims are strong, they added that "there were significant factual and legal issues that were not typical and that presented real risks" to succeeding through trial.

The settlement does not resolve claims brought in **securities class actions** and **derivative shareholder suits** that allege Apple duped investors into believing the company would launch the new Siri features on the iPhone 16 and caused stock to tumble after the rollout was delayed repeatedly.

"This \$250 million proposed settlement is one of the largest in a false advertising case," plaintiffs' counsel Brian Danitz of Cotchett Pitre & McCarthy LLP said in a statement Tuesday. "If approved by the court, the settlement will provide timely relief to consumers and companies nationwide for Apple's alleged failure to deliver the AI enhanced Siri features as advertised."

An Apple spokesperson told Law360 in a statement Tuesday, "Since the launch of Apple Intelligence, we have introduced dozens of features across many languages that are integrated across Apple's platforms, relevant to what users do every day, and built with privacy protections at every step."

The spokesperson said those features include Visual Intelligence, Live Translation, Writing Tools, Genmoji and Clean Up, adding that Tuesday's settlement resolves claims related to the availability of two additional features.

"We resolved this matter to stay focused on doing what we do best, delivering the most innovative products and services to our users," the spokesperson said.

The customers are represented by interim co-lead counsel Ryan J. Clarkson, Yana Hart and Bryan P. Thompson of Clarkson Law Firm PC, Laurence D. King, Matthew B. George, Blair E. Reed and Clarissa Olivares of Kaplan Fox & Kilsheimer LLP, and Joseph W. Cotchett, Brian Danitz, Karin B. Swope, Elle D. Lewis, Caroline A. Yuen and Pierce H. Stanley of Cotchett Pitre & McCarthy LLP.

Apple is represented by Emily Johnson Henn, Kathryn E. Cahoy and Megan L. Rodgers of Covington & Burling LLP.

The consolidated case is Peter Landsheft v. Apple Inc., case number 5:25-cv-02668, in the U.S. District

Court for the Northern District of California.

--Additional reporting by Nadia Dreid, Dorothy Atkins and Katryna Perera. Editing by Brian Baresch.

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