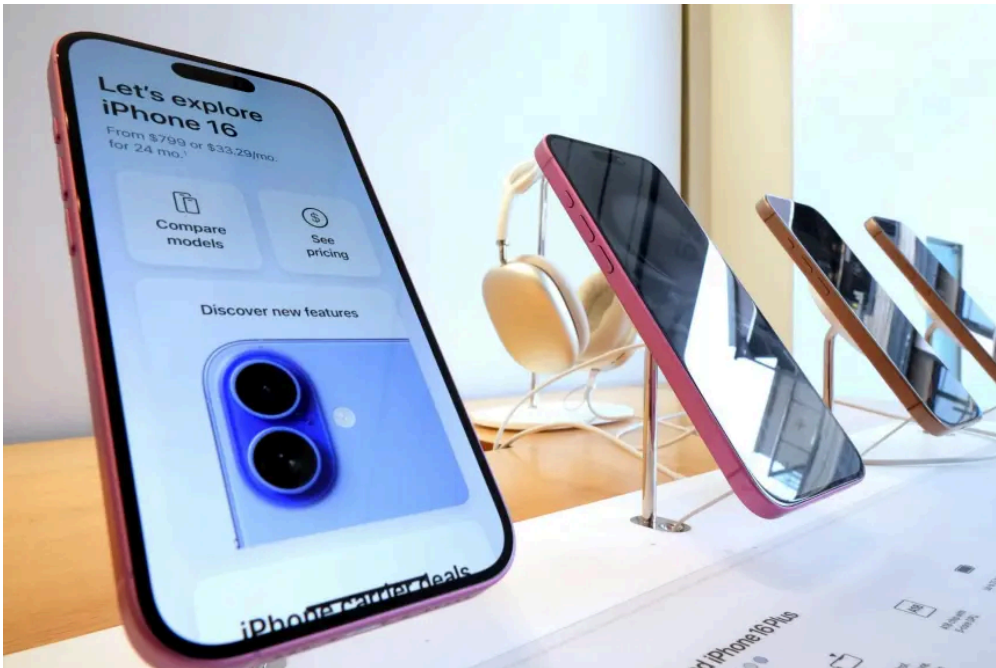


Apple to pay iPhone buyers \$250 million after lawsuit claims it hyped non-existent AI in 'bait and switch'

Cupertino tech giant denies wrongdoing



This is a display of iPhone 16s in an Apple Store in Pittsburgh on Jan. 12, 2025. (AP Photo/Gene J. Puskar, File)



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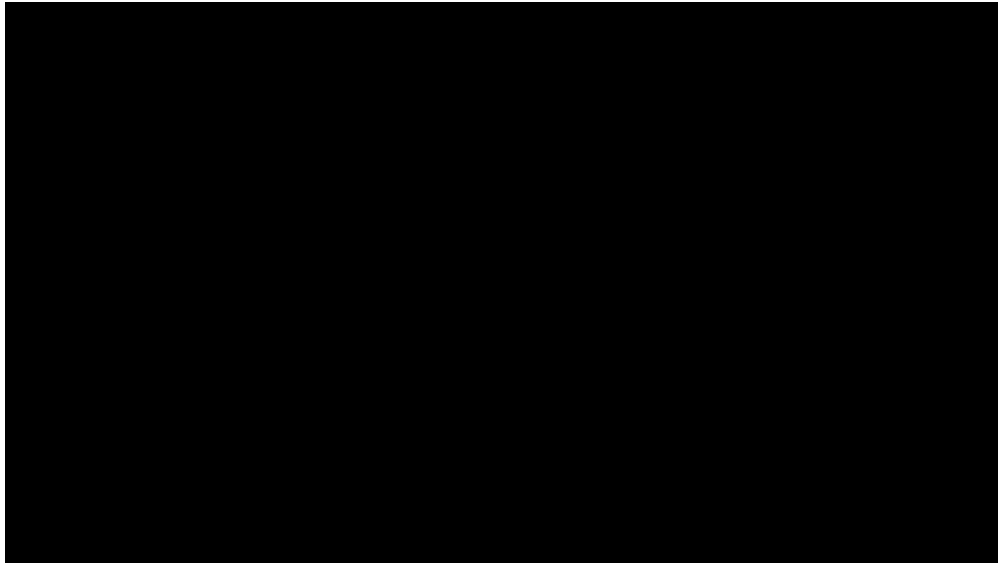
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Apple has agreed to pay \$250 million to people who bought certain newer-model iPhones, to settle a class-action lawsuit claiming it hyped artificial intelligence features that didn't exist.

At issue in the case were Apple's statements and ads heavily promoting "Apple Intelligence," a set of purportedly advanced generative AI features centered around its chatbot Siri. Starting in mid-2024, Apple claimed the enhanced Siri "would intelligently interact with users' personal data across device applications and apply that data to solve everyday problems," and act as a "fully fledged AI assistant," the lawsuit in San Jose U.S. District Court said.

However, the lawsuit alleged, it wasn't until March 2025 after millions of customers bought iPhones, "expecting the heralded features," that Apple admitted enhanced Siri didn't exist at the time the Cupertino tech giant began widely hyping it, and would not be available until sometime in 2026.

Apple "misled" customers into paying a premium price of \$599 to more than \$1,200 for the iPhone 16, iPhone 15 Pro, and 15 Pro Max, the settlement agreement filed Tuesday alleged.



The company's "bait and switch" broke "multiple false advertising, unfair competition, and consumer protection laws," the lawsuit, filed in March 2025, claimed.

In agreeing to settle the case, Apple denied wrongdoing, said Burlingame law firm Cotchett, Pitre & McCarthy, which represented iPhone buyers in the lawsuit.

In a statement Tuesday, Apple said it "resolved this matter to stay focused on doing what we do best, delivering the most innovative products and services to our users."

U.S. residents who bought particular iPhones in the U.S. from June 10, 2024 to March 29, 2025 may be eligible to receive \$25 to \$95 per device, the dollar amount depending largely on how many claims are made.

About 37 million iPhones are subject the settlement.

Here are the models:

- iPhone 16
- iPhone 16e
- iPhone 16 Plus
- iPhone 16 Pro
- iPhone 16 Pro Max
- iPhone 15 Pro
- iPhone 15 Pro Max

Under the agreement, which still needs a judge's approval, Apple will provide a settlement administrator with a list of buyers of eligible iPhones, who will be offered a claim form. Additional outreach to potential claimants will include an online media campaign.

The lawsuit framed Apple's allegedly overblown marketing as a desperate response to its "innovation stagnation," combined with an AI "arms race" that saw its competitors Google and Samsung rolling out phones with AI features. Apple "knew that it needed a breakthrough innovation to reignite market enthusiasm and drive new purchases and upgrades," the lawsuit said.

Apple, in a September motion to dismiss the lawsuit, said developing two key features for Siri took longer than the company expected. Apple said in the motion that from the outset, it stated that Apple Intelligence "would be delivered over time and continue to evolve." The company said it has updated software to provide more than 20 AI features.

In its motion to toss the case, Apple lashed out at the consumers suing it, saying they "have benefited from camera improvements, enhanced silicon and increased performance, upgraded displays, and numerous other hardware and software improvements."

"Instead, Plaintiffs complain about the timing of release of two features, despite the near-two dozen Apple Intelligence features that have already been delivered."

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Apple, when asked by this news organization when enhanced Siri would be released, did not immediately respond.