



The voice for water consumers
Llais defnyddwyr dŵr

**CCW's response to Ofwat's Innovation
Fund: Consultation on amendment to
intellectual property right policy for the
second Breakthrough Challenge
competition**

Date: August 2021

1. Introduction

1.1 The Consumer Council for Water (CCW) is the statutory consumer organisation representing household and non-household water and sewerage consumers in England and Wales. We welcome the opportunity to submit our views to Ofwat on the Innovation Fund, and changes to the policy on Intellectual Property Rights (IPR).

2. CCW's perspective

2.1 CCW is very interested in the area of innovation because it can lead to improvements in water and sewerage services, and the overall customer experience. We are responding to this consultation from the customer perspective. We want to ensure that the proposed changes have no unintended consequences for customers. Our response mainly focusses on Question 2 of the consultation.

2.2 We are supportive that any barriers to companies' coming forward with innovations are prevented. We agree that any changes made to the IPR policy should aim to ensure that all water company customers benefit from the projects that receive money via the innovation fund as this is collectively funded. However, it is not clear whether background IPR royalties are intended to be recovered via the innovation fund or whether this is an additional cost beyond what customers currently contribute to the innovation fund.

2.3 Where applicants seek background IPR royalties, we would like clarity on whether background IPR has not already been funded by water companies' customers. It would not be in customers' interests to pay twice or above the odds for background IPR.

2.4 It is not clear how it will be decided that background IPR will be charged at a rate that is fair, reasonable and non-discriminatory. We would like more information on what oversight will be put in place to ensure that what is charged meets these criteria.

2.5 We are concerned that some projects could be brought forward under the proposed change to background IPR because they hope to benefit from royalties rather than them being more in the customer interest than other projects where royalties are not considered necessary. We welcome that entrants will be required to demonstrate value for money for customers where background IPR is to be licenced at cost. However, the benefit to customers' needs to be over and above this cost, and there needs to be a process to monitor that this is the case. .

2.6 As part of the evaluation, we think it would be worthwhile trying to capture whether those bringing projects under the catalyst stream with the proposed change to background IPR would have brought them forward under current rules.

2.7 As this competition and surrounding activity is customer-funded, we want to ensure that any changes made to IPR policy is in the best interest of customers.

Enquiries

Enquiries about this consultation should be addressed to:

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Job Title: Policy Manager

CCW

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Date: Aug 2021