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A Road to Riches:
Strengthening Intellectual Property Rights in Bangladesh through Business Process Simplification and e-Governance

In the past decade, the economy of Bangladesh has grown nearly 6 percent per year, and human development has gone hand in hand with economic growth. Poverty dropped by nearly one-third, accompanied by increases in life expectancy, literacy per capita, and food intake. Despite these recent improvements, Bangladesh has a long way to go to achieve middle-income nation status by 2021.

To meet this challenge, Bangladesh not only requires strong infrastructure growth but also must improve the overall competitiveness of its economy. With a private sector that has been growing significantly, the country does not lack entrepreneurial drive. What it does lack is an efficient regulatory framework and policy to support a business-friendly operating environment. One important challenge is the country's lack of a modern intellectual property rights (IPR) framework that can stimulate invention and new technologies, increase agricultural and industrial production, promote domestic and foreign investment, and facilitate technology transfer to improve overall competitiveness through increased productivity. The Investment Climate team in Bangladesh has supported the Department of Patents, Designs and Trademarks (DPDT) to build a strong IPR framework to address these issues and improve government-to-business services within DPDT.

Background

The growing importance of international trade has made IPR a subject of international concern. In this era of globalization and rapid expansion of the world economy, intellectual property and IPR have become crucial to the economic, social, and technological development of developed and emerging nations alike.

IPR can help drive the economy of emerging nations to meet specific targets such as the Millennium Development Goals—including contributing to sustainable development, reducing poverty, enhancing access to education, and combating disease. Additionally, IPR can stimulate innovation and new technologies, increase agricultural and industrial production, promote domestic and foreign investment, facilitate technology transfer, and improve the availability of medicines in developing countries, all of which are critical for achieving global competitiveness.

Hence, Bangladesh, like other emerging nations, is seeking ways to increase its productivity, improve its competitiveness, and boost overall economic growth by fostering innovation as well as research and development, shifting from an economy based on agriculture and low-value-added manufacturing to a knowledge-based economy by developing higher-value products and services—which will not only
help to attract foreign direct investment but also to increase technology transfer.

At present, Bangladesh’s legal and institutional framework for IPR protection is still at a nascent stage. The country inherited a set of IP laws and rules from the colonial regime. Although some of them were amended over time, the Patents and Designs Act for instance still dates from 1911; hence, the archaic ordinance does not reflect or meet the demand of our industrial sector to accelerate growth.

Furthermore, the current issue stems from the fact that Bangladesh does not have any comprehensive or separate IP laws that could protect often large and risky investments; thus illegal exploitation of IPR through piracy and various infringements is leading to unfair competition and distorting the market.

In 2012, the Bangladesh Investment Climate Fund, managed by IFC, embarked on a journey to address the government’s interest in setting up a stronger IPR system. As private sector companies and industries alike are looking for ways to succeed by developing the infrastructure for information and communications technology, enhancing the country’s competitive pharmaceutical industry, and protecting its budding culture industry, IFC recognized the need to create a conducive IPR framework by enhancing regulatory transparency, certainty, and efficiency by reducing the administrative and regulatory burden.

To address these needs, IFC collaborated with the DPDT and the World Intellectual Property Organization (WIPO) to streamline the country’s IP registration system via digitization, which aims to reduce the backlog of files, cut corruption, and improve the overall transparency of the system. Specifically, the project identified the following objectives: (a) to address the importance of intellectual property in improving the trade and competitiveness of Bangladesh, (b) to simplify the cumbersome procedure of registering IP-related elements, and (c) to bring efficiency and transparency to the system.

On February 23, 2014, the DPDT successfully launched the intellectual property automated system in association with IFC and WIPO to better enforce intellectual property in the country. Applicants now will be able to receive effective, efficient, and quicker services in registering patents, designs, and trademarks in the industrial and service sectors. With the new automated system, the time needed to conduct a novelty search related to a new invention, together with registration processing time and cost, have been significantly reduced, leading to a more than 25 percent reduction of overall administrative burden of the processes. Processing time has been reduced to 406 from 1,038 days for trademarks, 631 from 838 days for patents, and 41 from 165 days for industrial designs.

IFC’s intervention in developing effective and efficient government-to-business (G2B) processes in the area of Intellectual property is the first of its kind, making this intervention particularly critical as well as challenging. We present some key lessons faced along the way to making the new system a reality.

**Lesson 1: Staying aligned: Linking IFC’s comparative advantage with core solutions needs.**

The project aligned with the IFC team’s core objectives through its focus on improving the economic competitiveness of Bangladesh by encouraging innovation, attracting foreign investment, achieving higher growth for small and medium enterprises, and providing consumers with innovative products and services. Even so, doubts lingered among the management team as to whether IFC had the competitive edge to step into the field of intellectual property, an area covered by WIPO, with the mandate to promote intellectual property protection throughout the world.

Thus, the project team presented the following justifications to secure approval internally as well as gain the confidence of both the client and WIPO: (a) IFC has the requisite expertise in business process simplification, and (b) IFC’s goal of bringing efficiency and transparency to the G2B processes pertinent to intellectual property meets the objectives and requirements of both DPDT and WIPO. On this basis, IFC, DPDT, and WIPO proceeded with multiple rounds of negotiations, resulting in the formation of a tripartite coalition with the shared objective of automating IP-related processes.

**Lesson 2: Overcoming client resistance: Understand the root of resistance, and find magic bullets.**

It was critical to secure client approval of our planned intervention as well as incorporate their strategic objective into its design. IFC engaged with the DPDT from the project’s design phase with the intention of first streamlining the cumbersome procedures of IP registration. IFC presented “As-Is” and “To-Be” process maps to depict the complexity as well as the required time and costs of completing the existing process. (The time frames for “As-Is” and “To-Be” processes are summarized in Table 1.) This effort clarified the importance of process streamlining to increase effectiveness, efficiency, and transparency while eliminating overlapping procedures.
At this point, despite recognizing IFC’s previous experience in business process simplification reform, DPDT officials were reluctant to streamline the existing manual processes. They were keen to automate these processes, although IFC clearly indicated limitations of current structural issues pertaining to lack of human resources with the appropriate skill set and inadequate infrastructure including LAN, software, power backup, etc. Despite the limitations, the department was determined to align its broader strategy with the government’s vision for creating a “Digital Bangladesh” by automating their processes. Understanding the client’s determination, we negotiated and ensured that all required hardware, software, skilled human resources, and a local area network were in place prior to automation.

**Lesson 3: Avoiding duplication risk: Effective coordination among parties is vital.**

Once DPDT’s approval was newly secured, it was vital to have WIPO on the same page. Thus, we leveraged DPDT’s influence to get their buy-in. While WIPO leads in creating effective IP systems by providing policy, capacity, and technical support globally, IFC has the required technical expertise in simplifying business processes and bringing efficiency to G2B services. Additionally, unlike IFC, WIPO does not have a strong presence in Bangladesh; consequently, DPDT secured agreements with both IFC and WIPO to form a tripartite coalition. The coalition represented the forging of a unique collaborative effort among the parties; IFC provided technical assistance on process simplification and digitization of preexisting files; WIPO provided the required IPA software, servers, and capacity building training; and the government provided skilled human resources, computers, and other required hardware. The end result of these challenging negotiations demonstrates the importance of patience, persistence, and strategy in bringing together the interests and strengths of diverse parties to collaborate efficiently and effectively in pursuing common objectives.

**Lesson 4: Getting it right early on: Use planning and negotiation to build sustainable systems and ensure a successful intervention.**

Sustainability should be at the core of project design, especially in countries like Bangladesh, where technological capacity as well as technology infrastructure are still in their infancy. Although ICT-led business automation systems can deliver significantly faster and more cost-effective services, it is important to note that if these systems are not clearly thought out and well planned, they can become ineffective, bogged down by structural and institutional issues.

With the government’s manifesto reasserting its desire to create a Digital Bangladesh, most agencies and ministries have expressed an interest in automating their registration and filing systems immediately—sometimes without even performing an assessment or developing a sustainability plan; it is imperative, however, prior to any intervention or move toward automation, to be mindful of any potential pitfalls and their consequences. Indeed, to achieve far-reaching effects, a comprehensive, sustainable strategy is required to keep the entire process functioning smoothly without any major disruption. Introducing new or upgraded technology to a government agency poses operational risks—ranging from lack of technical capacity among existing staff to inadequate maintenance of the system resulting from insufficient allocation of funds. It is therefore critical that negotiation with the client start from the inception phase. Otherwise, the newly implemented system will function inefficiently once the support—in this case, the technical assistance provided by IFC—is removed.

So while enthusiasm for introducing e-governance is an inspiring and commendable step, it is important to be sure expectations are realistic. Based on previous experience, we knew it was crucial to reach agreement in a few key areas to ensure successful implementation and achievement of the desired outcomes for DPDT intellectual property-related services in Bangladesh. Starting from the outset, we negotiated with both coalition partners on the following key components of the project.

1. **Hardware.** Support for hardware is something IFC does not engage in, as our focus is on technical assistance. Thus, we negotiated that DPDT would provide the necessary hardware, such as servers, computers, scanners, and printers, and have them in place in advance of system launch.

2. **Software.** We also made our recommendation to DPDT that the software required for the system be in place before commencing process automation and digitization of the existing/backlogged files. WIPO kindly agreed to provide the software.

3. **IT staff.** IFC also successfully negotiated with DPDT to put in place a team of full-time IT experts, under the government’s payroll, to maintain data integrity, information security, and disaster recovery when required.

4. **Maintenance budget.** Finally, we lobbied for DPDT to allocate an appropriate budget for proper maintenance of system hardware as well as for required licensing of the software.

We bolstered our case throughout by debunking some
key client misperceptions about ICT systems—namely, that hardware and software will automatically resolve all existing problems; that what works for one country will work anywhere; that registry staff and users will adapt easily to the new technology; and that once the system is automated, all registration problems will be over. To steer the client away from these kinds of traps, it is important to take a phase-by-phase approach; we started with mapping the current and proposed systems, then moved to streamlining the manual process, digitization of existing files, and finally the full launch of the automated system.

**Lesson 5: Lack of stability at client end: A deeper relationship was key.**

Even more important for ensuring the sustainability of an intervention is establishing a strong client relationship able to withstand challenges along the way.

Given the nature of Bangladeshi bureaucracy, we expect change in senior level staff and take it for granted that IFC’s work will at some point be affected by a shift in administration or government priorities. A leadership vacuum or even just frequent changes can hamper the progress of an intervention; therefore, we take steps to form a core working group in order to ensure that project pace is not affected by any sort of change in leadership or remonstration against reform from officials during the implementation stage.

Being mindful of past experiences in other ICT-led interventions, we attempted first to create relationships of trust with mid-level agency officials, respecting and encouraging their ownership and participation in the reform process from the outset. We ensured buy-in from the top level, in the form of the Deputy Registrar of DPDT (despite expected frequent changes in top-level management), by leveraging and highlighting government’s interest in automation (the Digital Bangladesh initiative) and identifying the cumbersome registration process at DPDT as a paramount target for reform—a change also aimed at encouraging innovation through protection of intangible assets.

Because of our attention to relationship building, when the change in top management did come at DPDT, the transition did not severely affect the progress of our intervention. Our proactive approach of creating a rapport and a productive working relationship with multilevel officials from the core working group proved vital to maintaining the momentum of our work, even helping us get the new registrars onboard and updated on the project.

**Lesson 6: Impediments to timely implementation: Ways to keep the clock ticking.**

Completing a project within a given period of time is no easy task. The overall work plan represents the project’s big picture; that’s why it is important for the management team to lay out the sequence of activities for the duration of the project. These activities include key milestones, reporting schedules, budgets, and monitoring and evaluation activities. But strategy applies equally to coordination with intervention partners.

Indeed, the most grueling aspect of this project was coordinating and managing the vendor. Ensuring timely deliverables such as conversion of existing patents, trademark, and industrial design files into electronic format within the stipulated time required holding periodic meetings with the local vendor responsible in order to check their progress, assessing the quality of their deliverables, and adjusting working capabilities with WIPO’s software. In addition, during the installation phase, we encountered an issue with WIPO’s software that required improvisation; the software could not support the format of the backlog files that were digitized. Hence, WIPO had to bring in their team of experts from Singapore to Dhaka, at their own expense, to support these files. IFC coordinated with WIPO on a regular basis to rectify the issue on time.

While we were preoccupied with providing technical assistance to streamline the processes, and WIPO was fulfilling its duty to set up the required system infrastructure—providing software and servers—it was equally important for us to have the right results framework at the outset to keep track of the results of the intervention by collecting credible data. We commissioned a team to collect baseline information at the beneficiary level on the time and cost of registering patents, trademarks, or industrial designs with DPDT. The baseline made it possible to benchmark against expected outcomes resulting from the digitization of records. The study also helped us identify bottlenecks and constraints faced by beneficiaries on a day-to-day basis, which in return helped us plan and realign our intervention as needed. Furthermore, the study collected agency information from DPDT to triangulate findings. Though a time-consuming task, it was vital for us to complete the study in a timely manner, before the launch of the automated system, to make it possible to analyze the changes expected. Figure 1 shows the number of days needed for trademark registration at baseline as well as the number of days expected using the new automated system.

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**Figure 1. Baseline and expected processing time for trademark registration**

<table>
<thead>
<tr>
<th></th>
<th>As-Is (Processing time in days)</th>
<th>To-Be (Processing time in days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application Process</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Formality Checking</td>
<td>60</td>
<td>1</td>
</tr>
<tr>
<td>Novelty Checking</td>
<td>311</td>
<td>311</td>
</tr>
<tr>
<td>Journal Publication</td>
<td>79</td>
<td>79</td>
</tr>
<tr>
<td>Waiting time after Journal Publication</td>
<td>79</td>
<td>79</td>
</tr>
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Another hurdle we faced involved ensuring that the system was properly functional and the staff adequately trained before the launch of the automated system. As in many developing countries, staff in Bangladesh have had little experience with computers and online systems. Hence, it was vital that we disseminate required knowledge through WIPO counterparts, who were primarily responsible for providing the capacity building support and the required training to the DPDT staff responsible for dealing with IP-related processes. Achieving this objective was possible, as we engaged daily with the senior leadership to set priorities, finalize and monitor work plans, and address any procedural or administrative issues that arose. Through this regular contact we provided significant support in the areas of strategic planning, building capacity to implement the strategic plans, and best practices for organizational development and growth.

Conclusion

While economies can make substantial gains by improving institutions, building infrastructure, or improving human capital, these efforts eventually run into diminishing returns. It is vital, then, that Bangladesh focus on technological innovation in order to significantly improve the competitiveness of its overall economy. To increase productivity and innovation, developing sustainable manufacturing and service sectors—which in turn rest largely on developing intellectual property—is essential. As a resource, Intellectual property remains underutilized in Bangladesh because of a lack of knowledge, absence of standard procedural guidelines, and lack of confidence on the part of the private sector, innovators, and researchers. Intellectual property rights, as an important mechanism for safeguarding the interests of businesses and encouraging as well as protecting innovations, are key to the country's competitiveness in this era of globalization. This ICT-led intervention to streamline G2B processes to build stronger IP rights in Bangladesh is a strong step forward.