

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q  
Amendment No. 1**

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended October 31, 2010

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-8696



**COMPETITIVE TECHNOLOGIES, INC.**

(Exact name of registrant as specified in its charter)

*www.competitivetech.net*

Delaware

(State or other jurisdiction of incorporation or organization)

36-2664428

(I.R.S. Employer Identification No.)

1375 Kings Highway East, Fairfield, Connecticut 06824

(Address of principal executive offices)

(Zip Code)

(203) 368-6044

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months.

Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer, large accelerated filer and smaller reporting company" as defined in Rule 12b-2 of the Exchange Act.

|                         |                          |                           |                                     |
|-------------------------|--------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer         | <input type="checkbox"/>            |
| Non-accelerated filer   | <input type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The number of shares of the registrant's common stock outstanding as of December 15, 2010 was 13,824,944 shares.

### **EXPLANATORY NOTE**

This Amendment No. 1 on Form 10-Q revises the Quarterly Report on Form 10-Q for the period ended October 31, 2010 of Competitive Technologies, Inc., initially filed on December 15, 2010 (the "Form 10-Q"). The revisions are in response to comments received from the SEC.

**COMPETITIVE TECHNOLOGIES, INC.**

**INDEX TO QUARTERLY REPORT ON FORM 10-Q**

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## PART I. FINANCIAL INFORMATION

### Item 1. Condensed Consolidated Interim Financial Statements

#### COMPETITIVE TECHNOLOGIES, INC. AND SUBSIDIARIES

##### Condensed Consolidated Balance Sheets

|   | <u>October 31, 2010</u><br>(Unaudited) | <u>July 31, 2010</u>    |
|---|--|-------------------------|
| <b>Assets</b>   |  |                         |
| Current Assets:   |  |                         |
| Cash and cash equivalents   | \$ 872,764                             | \$ 907,484              |
| Receivables, net of allowance of \$101,154<br>at October 31, 2010 and July 31, 2009                         | 1,788,678                              | 3,536,572               |
| Inventory   | 245,582                                | 272,869                 |
| Prepaid expenses and other current assets   | 77,026                                 | 69,080                  |
| Total current assets  | <u>2,984,050</u>                       | <u>4,786,005</u>        |
| Property and equipment, net   | <u>162,540</u>                         | <u>163,918</u>          |
| <br>TOTAL ASSETS  | <br><u>\$ 3,146,590</u>                | <br><u>\$ 4,949,923</u> |
| <b>Liabilities and Shareholders' Interest</b>   |  |                         |
| Current Liabilities:  |  |                         |
| Accounts payable  | \$ 836,033                             | \$ 1,046,174            |
| Accrued expenses and other liabilities  | 727,034                                | 1,228,878               |
| Total current liabilities   | 1,563,067                              | 2,275,052               |
| Deferred Rent   | 60,462                                 | 66,369                  |
| <br>Total Liabilities   | <br><u>1,623,529</u>                   | <br><u>2,341,421</u>    |
| Commitments and Contingencies   |  |                         |
| Shareholders' interest:   |  |                         |
| 5% preferred stock, \$25 par value, 35,920 shares<br>authorized, 2,427 shares issued and outstanding        | 60,675                                 | 60,675                  |
| Common stock, \$.01 par value, 20,000,000 shares<br>authorized, 13,824,944 shares<br>issued and outstanding | 138,249                                | 138,249                 |
| Capital in excess of par value  | 43,453,126                             | 43,444,154              |
| Receivable from Crisnic   | (564,420)                              | (564,420)               |
| Accumulated deficit   | (41,564,569)                           | (40,470,156)            |
| Total shareholders' interest  | <u>1,523,061</u>                       | <u>2,608,502</u>        |
| <br>TOTAL LIABILITIES AND SHAREHOLDERS' INTEREST  | <br><u>\$ 3,146,590</u>                | <br><u>\$ 4,949,923</u> |

*See accompanying notes*

**PART I. FINANCIAL INFORMATION (Continued)**

**COMPETITIVE TECHNOLOGIES, INC. AND SUBSIDIARIES**

Condensed Consolidated Statements of Operations  
(Unaudited)

|  | Three months ended October 31, |                     |
|--|--------------------------------|---------------------|
|  | <u>2010</u>                    | <u>2009</u>         |
| <b>Revenue</b>   |                                |                     |
| Product sales  | \$ 107,996                     | \$ 135,096          |
| Retained royalties   | 7,464                          | 9,001               |
| Investment income  | 10                             | 30                  |
| Other income   | <u>4,000</u>                   | <u>-</u>            |
| <b>Total Revenue</b>   | <u>119,470</u>                 | <u>144,127</u>      |
| <b>Expenses</b>  |                                |                     |
| Cost of product sales  | 18,191                         | -                   |
| Personnel and other direct expenses relating to revenue                    | 476,403                        | 442,393             |
| General and administrative expenses  | 717,594                        | 456,291             |
| Interest expense   | <u>1,695</u>                   | <u>1,169</u>        |
| <b>Total Expenses</b>  | <u>1,213,883</u>               | <u>899,853</u>      |
| (Loss) before income taxes   | (1,094,413)                    | (755,726)           |
| Provision (benefit) for income taxes                                       | <u>-</u>                       | <u>-</u>            |
| <b>Net (loss)</b>  | <u>\$ (1,094,413)</u>          | <u>\$ (755,726)</u> |
| Basic and diluted (loss) per share   | <u>\$ (0.08)</u>               | <u>\$ (0.08)</u>    |
| Basic and diluted weighted average number<br>of common shares outstanding: | 13,824,944                     | 9,885,432           |

*See accompanying notes*

**PART I. FINANCIAL INFORMATION (Continued)**

**COMPETITIVE TECHNOLOGIES, INC. AND SUBSIDIARIES**  
Condensed Consolidated Statement of Changes in Shareholders' Interest  
For the Three Months Ended October 31, 2010  
(Unaudited)

|  | <u><b>Preferred Stock</b></u>        |                         | <u><b>Common Stock</b></u>           |                          | <b>Capital<br/>in excess<br/>of par value</b> | <b>Receivable<br/>from<br/>Crisnic Fund</b> | <b>Accumulated<br/>deficit</b> | <b>Total<br/>shareholders'<br/>interest</b> |
|--|--------------------------------------|-------------------------|--------------------------------------|--------------------------|---|---|--------------------------------|---|
|  | <u><b>Shares<br/>outstanding</b></u> | <u><b>Amount</b></u>    | <u><b>Shares<br/>outstanding</b></u> | <u><b>Amount</b></u>     |   |   |                                |   |
| Balance – July 31, 2010                          | 2,427                                | \$ 60,675               | 13,824,944                           | \$ 138,249               | \$ 43,444,154                                 | \$ (564,420)                                | \$ (40,470,156)                | \$2,608,502                                 |
| Net (loss)                                       |                                      |                         |                                      |                          |   |   | (1,094,413)                    | (1,094,413)                                 |
| Compensation expense<br>from stock option grants | <u>-</u>                             | <u>-</u>                | <u>-</u>                             | <u>-</u>                 | 8,972   | <u>-</u>                                    | <u>-</u>                       | 8,972                                       |
| Balance – October 31, 2010                       | <u><u>2,427</u></u>                  | <u><u>\$ 60,675</u></u> | <u><u>13,824,944</u></u>             | <u><u>\$ 138,249</u></u> | <u><u>\$ 43,453,126</u></u>                   | <u><u>\$ (564,420)</u></u>                  | <u><u>\$ (41,564,569)</u></u>  | <u><u>\$ 1,523,061</u></u>                  |

*See accompanying notes*

## PART I. FINANCIAL INFORMATION (Continued)

### COMPETITIVE TECHNOLOGIES, INC. AND SUBSIDIARIES

#### Condensed Consolidated Statements of Cash Flows (Unaudited)

|   | Three months ended October 31,<br><u>2010</u> | <u>2009</u>       |
|---|---|-------------------|
| <b>Cash flows from operating activities:</b>                                  |   |                   |
| Net (loss)  | \$ (1,094,413)                                | \$ (755,726)      |
| Adjustments to reconcile net (loss) to net cash used in operating activities: |   |                   |
| Depreciation and amortization   | 14,473  | 13,952            |
| Deferred rent   | (5,907)                                       | (2,638)           |
| Share-based compensation – stock options                                      | 8,972   | 59,082            |
| Accrued director's stock compensation   | (2,225)                                       | -                 |
| Accrued stock contribution  | 12,500  | 12,500            |
| Changes in assets and liabilities:  |   |                   |
| Receivables   | 1,747,894                                     | (103,124)         |
| Prepaid expenses and other current assets                                     | (7,946)                                       | 84,602            |
| Receipt of Customer Deposits  |   | 109,000           |
| Inventory   | 18,191  | -                 |
| Accounts payable, accrued expenses and other liabilities                      | (722,260)                                     | (78,856)          |
| Net cash (used in) operating activities                                       | <u>(30,721)</u>                               | <u>(661,208)</u>  |
| <b>Cash flows from investing activities:</b>                                  |   |                   |
| Purchases of property and equipment   | <u>(3,999)</u>                                | <u>(22,000)</u>   |
| <b>Cash flows from financing activities:</b>                                  |   |                   |
| Proceeds from sale of stock   | -   | 525,002           |
| Deferred finance charges  | -   | (49,172)          |
| Net cash provided by financing activities                                     | <u>-</u>                                      | <u>475,830</u>    |
| Net (decrease) in cash and cash equivalents                                   | (34,720)                                      | (207,378)         |
| Cash and cash equivalents at beginning of period                              | <u>907,484</u>                                | <u>752,071</u>    |
| Cash and cash equivalents at end of period                                    | <u>\$ 872,764</u>                             | <u>\$ 544,693</u> |

#### Supplemental disclosure of non-cash transactions:

On October 2, 2009 the Company issued 86,933 registered shares of Common Stock valued at \$212,116 to Fusion Capital II, LLC as initial commitment shares per our equity financing agreement, dated August 6, 2009.

During the the quarter ended October 31, 2009, the Company amortized \$41,090 of deferred financing costs related to our equity financing agreement against Capital in Excess of Par Value.

On October 1, 2010, the Company signed an operating rental agreement for a pain device of \$9,096.

*See accompanying notes*

## **PART I. FINANCIAL INFORMATION (Continued)**

### **COMPETITIVE TECHNOLOGIES, INC. AND SUBSIDIARIES**

#### **Notes to Condensed Consolidated Interim Financial Statements (Unaudited)**

#### **1. BASIS OF PRESENTATION**

The interim condensed consolidated financial information presented in the accompanying condensed consolidated financial statements and notes hereto is unaudited.

Competitive Technologies, Inc. ("CTTC") and its majority-owned subsidiary, Vector Vision, Inc. ("VVI"), (collectively, "we" or "us") provide patent and technology licensing and commercialization services throughout the world, with concentrations in the U.S. and Asia, with respect to a broad range of life and physical sciences, electronics, and nanotechnologies originally invented by individuals, corporations and universities. We are compensated for our services by sharing in the profits of distribution or the license and royalty fees generated from the successful licensing of clients' technologies. During the quarter ended October 31, 2010, the Company dissolved its wholly-owned subsidiary, CTT Trading Company, LLC and absorbed all of its functions.

The consolidated financial statements include the accounts of CTTC and VVI. Inter-company accounts and transactions have been eliminated in consolidation.

On November 15, 2010, the Board of Directors of CTTC approved a fiscal year-end change from July 31 to December 31, in order to align its fiscal periods with the calendar year.

CTTC will file its Form 10-Q for the old 2011 fiscal year period for the quarter ended October 31, 2010, and will file a Transitional Report on Form 10-Q for the two and five months ended December 31, 2010. CTTC will subsequently file its quarterly and annual reports for the new fiscal year ending December 31. CTTC's annual report on Form 10-K for the fiscal year ending December 31, 2011 will include separate audited financial statements for the five-month transitional period.

We believe we made all adjustments necessary, consisting only of normal recurring adjustments, to present the unaudited condensed consolidated financial statements in conformity with accounting principles generally accepted in the U.S. The results for the three months ended October 31, 2010, are not necessarily indicative of the results that can be expected for the transitional period ending December 31, 2010 or for the next full fiscal year ending December 31, 2011.

The interim unaudited condensed consolidated financial statements, and notes thereto, should be read in conjunction with our Annual Report on Form 10-K for the year ended July 31, 2010, filed with the Securities and Exchange Commission ("SEC") on October 27, 2010.

The Company has incurred operating losses since fiscal 2006. During the year ended July 31, 2010, and into the three months ended October 31, 2010, we had a significant concentration of revenues from our Calmare<sup>®</sup> pain therapy medical device technology. We continue to seek revenue from new technologies or products to mitigate the concentration of revenues, and replace revenues from expiring licenses on other technologies. At current reduced spending levels, the Company may not have sufficient cash flow to fund operating expenses beyond the third quarter of calendar 2011. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include adjustments to reflect the possible future effect of the recoverability and classification of assets or amounts and classifications of liabilities that may result from the outcome of this uncertainty.

The Company's continuation as a going concern is dependent upon its developing recurring revenue streams sufficient to cover operating costs. The company does not have any significant individual cash or capital requirements in the budget going forward. During the quarter ended October 31, 2010, the Company undertook a major reduction of its operating expenses. The reduction will continue to be implemented into the next fiscal quarter and is expected to reduce



costs by \$1.5 million annually. If necessary, CTTC will meet anticipated operating cash requirements by further reducing costs, and/or pursuing sales of certain assets and technologies while we pursue licensing and distribution opportunities for our remaining portfolio of technologies. There can be no assurance that the Company will be successful in such efforts. Failure to develop a recurring revenue stream sufficient to cover operating expenses would negatively affect the Company's financial position.

In fiscal 2010, the Company incorporated revenue from the sale of inventory into its revenue stream. That source of revenue is expected to continue as sales of its Calmare<sup>®</sup> pain therapy medical device continue to expand and other products are added to the Company's portfolio of technologies.

Our liquidity requirements arise principally from our working capital needs, including funds needed to find and obtain new technologies or products, and protect and enforce our intellectual property rights, if necessary. We fund our liquidity requirements with a combination of cash on hand and cash flows from operations, if any, including royalty legal awards. At October 31, 2010, we had no outstanding long-term debt, and no credit facility.

Sales of our Calmare<sup>®</sup> pain therapy medical device continue to be a major source of revenue for the Company. Since acquiring the rights to the "Scrambler Therapy" technology in 2007, the Company has entered into a number of International distribution agreements, currently covering 34 countries. In 2010, the Company became its own distributor in the U.S, contracting with approximately 30 commissioned sales representatives. During fiscal 2010, the Company entered into several sales agreements with physician groups, which are starting to generate revenue.

## 2. NET LOSS PER COMMON SHARE

The following sets forth the denominator used in the calculations of basic net income (loss) per share and net income (loss) per share assuming dilution:

|  | Three months ended October 31, |           |
|--|--------------------------------|-----------|
|  | 2010                           | 2009      |
| Denominator for basic net income (loss) per share, weighted average shares outstanding | 13,824,944                     | 9,885,432 |
| Dilutive effect of common stock options  | N/A                            | N/A       |
| Denominator for net income (loss) per share, assuming dilution                         | 13,824,944                     | 9,885,432 |

Options to purchase 309,000 and 770,750 shares of our common stock at October 31, 2010 and 2009, respectively, were outstanding but were not included in the computation of net income (loss) per share because they were anti-dilutive. Due to the net loss incurred for the three months ended October 31, 2010 and 2009, the denominator used in the calculation of basic net loss per share was the same as that used for net loss per share, assuming dilution, since the effect of any options would have been anti-dilutive.

## 3. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

*Transfers of Financial Assets.* In June 2009, the FASB issued a new accounting standard that eliminates the exceptions for qualifying special-purpose entities from consolidation guidance and the exception that permitted sale accounting for certain mortgage securitizations when a transferor has not surrendered control over the transferred financial assets. This standard is effective as of the beginning of the first annual reporting period that begins after November 15, 2009. Upon adoption, this standard did not have a material impact on the financial statements.

*Variable Interest Entities.* In June 2009, the FASB issued a new accounting standard that requires an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has both of the following characteristics: (1) the power to direct the activities of the variable interest entity that most significantly impact the entities economic performance, and (2) the obligation to

absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity. Additionally, an enterprise is required to assess whether it has an implicit financial responsibility to ensure that a variable interest entity operates as designed when determining whether it has the power to direct the activities of the variable interest entity that most significantly impact the entity's economic performance. This standard is effective as of the beginning of the first annual reporting period that begins after November 15, 2009. Earlier application is prohibited. Upon adoption, this standard did not have a material impact on the financial statements.

*Fair Value Disclosures.* In January 2010, the FASB issued an accounting standards update that requires new disclosures for transfers in and out of Levels 1 and 2 fair value measurements, and roll forward of activity in Level 3 fair value measurements. The new disclosures are effective for reporting periods beginning after December 15, 2009, except for the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010. Upon adoption, this standard did not have a material impact on the financial statements.

No other new accounting pronouncements issued or effective during the three months ended October 31, 2010 has had or is expected to have a material impact on the consolidated financial statements.

#### 4. RECEIVABLES

Receivables consist of the following:

|   | <b>October 31,<br/>2010</b> | July 31,<br>2010    |
|---|-----------------------------|---------------------|
| Accounts Receivable   | <b>\$ 1,198,485</b>         | \$ 1,339,488        |
| Royalties, net of allowance of \$101,154<br>at October 31, 2010 and July 31, 2010 | <b>559,376</b>              | 1,045,681           |
| Due from Crisnic Fund S.A   | -                           | 1,117,747           |
| Other   | <b>30,817</b>               | 33,656              |
| Total receivables   | <b><u>\$ 1,788,678</u></b>  | <u>\$ 3,536,572</u> |

#### 5. AVAILABLE-FOR-SALE AND EQUITY SECURITIES

The fair value of the equity securities we held were categorized as available-for-sale securities, which were carried at a fair value of zero, consisted of shares in Security Innovation and Xion Pharmaceutical. We own 223,317 shares of stock in the privately held Security Innovation, an independent provider of secure software located in Wilmington, MA.

In September 2009 we announced the formation of a joint venture with Xion Corporation for the commercialization of our patented melanocortin analogues for treating sexual dysfunction and obesity. CTTC currently owns 60 shares of common stock or 33% of the outstanding stock of privately held Xion Pharmaceutical Corporation.

#### 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reported in our Condensed Consolidated Balance Sheet for Cash and Cash Equivalents, Accounts Receivable, Accounts Payable and Accrued Expenses and Other Liabilities approximate fair value due to the short-term maturity of those financial instruments.

## 7. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

|   | <u>October 31, 2010</u> | <u>July 31, 2010</u> |
|---|-------------------------|----------------------|
| Prepaid insurance                         | \$ 27,444               | \$ 25,283            |
| Prepaid investor relations service        | -                       | 20,000               |
| Other                                     | <u>49,582</u>           | <u>23,797</u>        |
| Prepaid expenses and other current assets | <u>\$ 77,026</u>        | <u>\$ 69,080</u>     |

## 8. PROPERTY AND EQUIPMENT

Property and equipment, net, consist of the following:

|   | <u>October 31, 2010</u> | <u>July 31, 2010</u> |
|---|-------------------------|----------------------|
| Equipment and furnishings                 | \$ 447,478              | \$ 434,383           |
| Leasehold improvements                    | <u>113,838</u>          | <u>113,838</u>       |
| Property and equipment, gross             | 561,316                 | 548,221              |
| Accumulated depreciation and amortization | <u>(398,776)</u>        | <u>(384,303)</u>     |
| Property and equipment, net               | <u>\$ 162,540</u>       | <u>\$ 163,918</u>    |

Depreciation expense was \$14,473 and \$13,952, during the quarters ended October 31, 2010, and 2009, respectively.

## 9. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following:

|  | <u>October 31,<br/>2010</u> | <u>July 31,<br/>2010</u> |
|--|-----------------------------|--------------------------|
| Royalties payable                      | \$ 239,076                  | \$ 362,435               |
| Deferred payroll                       | 63,648                      | 152,808                  |
| Due to GEOMC                           | -                           | 289,981                  |
| Accrued accounting fees                | 85,373                      | 77,748                   |
| Accrued commissions                    | 80,000                      | 80,000                   |
| Other accrued liabilities              | <u>258,937</u>              | <u>265,906</u>           |
| Accrued Expenses and Other Liabilities | <u>\$ 727,034</u>           | <u>\$ 1,228,878</u>      |

## 10. SHAREHOLDERS' INTEREST

During the three months ended October 31, 2010, the Company recognized expense of \$8,972 for stock options issued to employees in prior years.

On June 2, 2010, we entered into an agreement with Crisnic Fund, S.A. ("Crisnic") to sell up to two million shares of our common stock to Crisnic at a 15% discount from the volume weighted average price on the date the SEC declared our registration statement effective.

Following the closing date for the sale, the stock price went down rapidly, to the point where Crisnic was unable to complete the funding for the transaction. Because the stock was trading below the discounted price of \$2.04, portions of the shares could not be sold to third parties at the agreed-upon price, as had been planned by Crisnic. Shares were sold in several tranches, initially at the agreed upon price per share of \$2.04, and as market conditions worsened, at lower prices which would still enable the Company to receive the necessary financing. No shares were sold below \$0.90.

The Company ultimately received approximately \$1.6 million for the sale of 1,447,867 shares of common stock (including 75,000 shares given to Crisnic as a fee). The remaining 627,133 shares of stock remain outstanding and are reflected as a receivable reducing equity in our financial statements. These shares were valued at \$0.90. Plans to sell these shares had been halted due to market conditions. In November 2010, the Company issued 69,528 shares to attorneys and the contractor where the CEO is employed to offset accrued liabilities. We intend to issue some of the remaining outstanding shares to offset additional accrued liabilities to employees and contractors. The Company is also in discussions with several parties interested in purchasing the remaining outstanding shares.

## 11. CONTINGENCIES

As of October 31, 2010, CTTC and its majority owned subsidiary, VVI, have remaining obligations, contingent upon receipt of certain revenue, to repay up to \$199,006 and \$203,478, respectively, in consideration of grant funding received in 1994 and 1995. CTTC is also obligated to pay at the rate of 7.5% of its revenue, if any, from transferring rights to certain inventions supported by the grant funds. VVI is obligated to pay at rates of 1.5% of its net sales of supported products or 15% of its revenue from licensing supported products, if any. We recognize these obligations only if we receive revenue related to the grant funds. We recognized approximately \$475 of these obligations in the quarter ended October 31, 2010.

*Carolina Liquid Chemistries Corporation, et al.* (Case pending) – On August 29, 2005, we filed a complaint against Carolina Liquid Chemistries Corporation ("Carolina Liquid") in the United States District Court for the District of Colorado, alleging patent infringement of our patent covering homocysteine assays, and seeking monetary damages, punitive damages, attorneys' fees, court costs and other remuneration at the option of the court. As we became aware of other infringers, we amended our complaint to add as defendants Catch, Inc. ("Catch") and the Diazyme Laboratories Division of General Atomics ("Diazyme"). On September 6, 2006, Diazyme filed for declaratory judgment in the Southern District of California for a change in venue and a declaration of non-infringement and invalidity. On September 12, 2006, the District Court in Colorado ruled that both Catch and Diazyme be added as defendants to the Carolina Liquid case. On October 23, 2006, Diazyme requested the United States Patent and Trademark Office (the "USPTO") to re-evaluate the validity of our patent and this request was granted by the USPTO on December 14, 2006. On July 30, 2009, the U.S. Patent and Trademark Office's Board of Patent Appeals and Interferences (BPAI) upheld the homocysteine patent. In September 2008, the patent had been denied by the examiner, but that denial was overruled by the BPAI. While the examiner had appealed that BPAI decision, delaying further action, that appeal was denied by the BPAI on December 13, 2010. Future action on this case pends final action from the USPTO, prior to being returned to the U.S. District Court for the District of Colorado.

*Employment matters – former employee (Cases pending)* – In September 2003, a former employee filed a whistleblower complaint with OSHA alleging that the employee had been terminated for engaging in conduct protected under the Sarbanes Oxley Act of 2002 (SOX). In February 2005, OSHA found probable cause to support the employee's complaint and ordered reinstatement and payment of damages. CTTC filed objections and requested a de novo hearing before an Administrative Law Judge ("ALJ"). Based on evidence submitted at the May 2005 hearing, in October 2005 the ALJ issued a written decision recommending dismissal of the employee's claim without relief. The employee then appealed the case to the Administrative Review Board ("ARB"). In March 2008, the ARB issued a decision and order of remand, holding that the ALJ erred in shifting the burden of proof to CTTC based on a mere inference of discrimination and remanding the case to the ALJ for clarification of the judge's analysis under the appropriate burden of proof. In January 2009, the ALJ ruled in favor of CTTC on the ARB remand. The employee has now appealed the January 2009 ALJ ruling to the ARB and we await the ARB's decision. The employee had previously requested reconsideration of the ARB order of remand based on the Board's failure to address the employee's appeal issues; that request was denied by the ARB in October 2008.

In August 2007, the same former employee filed a new SOX whistleblower complaint with OSHA alleging that in April 2007 CTTC and its former general counsel retaliated against the employee for past-protected conduct by refusing to consider the employee's new employer when awarding a consulting contract. In March 2008, OSHA dismissed the employee's complaint citing the lack of probable cause. The employee filed objections and requested de novo review by an ALJ. In August 2008, the employee gave notice of intent to terminate proceedings before the

ALJ and remove the case to federal district court. In October 2008, the former employee moved to voluntarily dismiss with prejudice the case before the ALJ. We anticipate no further action on this matter.

On September 5, 2008, CTTC filed a complaint in the U.S. District Court for the District of Connecticut against the former employee seeking a declaration that CTTC did not violate SOX as alleged in the employee's 2007 OSHA complaint, and to recover approximately \$80,000 that CTTC paid to the employee in compliance with a court order that was subsequently vacated by the U.S. Court of Appeals for the Second Circuit. On July 1, 2009, the judge ruled in favor of the former employee's motion to dismiss. The court abstained from ruling on the question of unjust enrichment due to the unresolved questions before the Department of Labor Administrative Review Board.

On December 4, 2008, the former employee filed a complaint with the Department of Labor asking to have the Connecticut case dismissed. On June 1, 2009, the Department dismissed the former employees complaint, finding that "there is no reasonable cause to believe that the Respondent (CTTC) violated SOX". We anticipate no further action on this matter.

*John B. Nano vs. Competitive Technologies, Inc* – On September 3, 2010, the Board of Directors of CTTC removed John B. Nano as an Officer of the Corporation in all capacities for cause, consisting of violation of his fiduciary duties to the Corporation and violation of the CTTC Corporate Code of Conduct. On September 13, 2010, the Board of Directors also removed John B. Nano as a Director of the Corporation in all capacities for cause, consisting of violation of his fiduciary duties to the Corporation and violation of the CTTC Corporate Code of Conduct. Details of these actions are outlined in Form 8-K filings with the SEC on September 13, 2010, and September 17, 2010. Mr. Nano was previously the Chairman of the Board of Directors, President and Chief Executive Officer of CTTC.

On September 23, 2010 the Company was served notice that John B. Nano, CTTC's former Chairman, President and CEO had filed a Notice of Application for Prejudgment Remedy/Claim and an Application for an Order Pendente Lite for breach of his employment contract with us. The applications were filed in the State of Connecticut Superior Court in Bridgeport, CT. Mr. Nano is seeking \$750,000 that he claimed is owed under his contract had he been terminated without cause. Mr. Nano's employment contract with the Company had called for arbitration, which has been requested to resolve this conflict. In November 2010, the Company funded \$750,000 as a Prejudgment Remedy held in escrow with the Company's counsel and the case is now proceeding through the arbitration process, which is expected to take several months. The Company does not believe it is liable for any of this amount since the former Chairman, President and CEO was terminated for cause.

*Summary* – We may be a party to other legal actions and proceedings from time to time. We are unable to estimate legal expenses or losses we may incur, if any, or possible damages we may recover, and have not recorded any potential judgment losses or proceeds in our financial statements to date. We record expenses in connection with these suits as incurred.

We believe we carry adequate liability insurance, directors and officers insurance, casualty insurance, for owned or leased tangible assets, and other insurance as needed to cover us against potential and actual claims and lawsuits that occur in the ordinary course of our business. However, an unfavorable resolution of any or all matters, and/or our incurrence of significant legal fees and other costs to defend or prosecute any of these actions and proceedings may, depending on the amount and timing, have a material adverse effect on our consolidated financial position, results of operations or cash flows in a particular period.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

### **Forward-Looking Statements**

Statements about our future expectations are “forward-looking statements” within the meaning of applicable Federal Securities Laws, and are not guarantees of future performance. When used in herein, the words “may,” “will,” “should,” “anticipate,” “believe,” “intend,” “plan,” “expect,” “estimate,” “approximate,” and similar expressions are intended to identify such forward-looking statements. These statements involve risks and uncertainties inherent in our business, including those set forth in Item 1A under the caption “Risk Factors,” in our most recent Annual Report on Form 10-K for the year ended July 31, 2010, filed with the Securities and Exchange Commission (“SEC”) on October 27, 2010, and other filings with the SEC, and are subject to change at any time. Our actual results could differ materially from these forward-looking statements. We undertake no obligation to update publicly any forward-looking statement.

### **Overview**

Competitive Technologies, Inc. (“CTTC”), was incorporated in Delaware in 1971, succeeding an Illinois corporation incorporated in 1968. CTTC and its majority owned subsidiary (collectively, “we”, “our”, or “us”) provide distribution, patent and technology transfer, sales and licensing services focusing on the needs of our customers, matching those requirements with commercially viable technology or product solutions. We develop relationships with universities, companies, inventors and patent or intellectual property holders to obtain the rights or a license to their intellectual property or to their product. They become our clients, for whom we find markets to sell or further develop or distribute their technology or product. We also develop relationships with those who have a need or use for technologies or products. They become our customers, usually through a license or sublicense, or distribution agreement.

We earn revenue in three ways, retained royalties from licensing our clients' and our own technologies to our customer licensees, product sales fees in a business model that allows us to share in the profits of distribution of finished products, and sales of inventory. Our customers pay us license fees, royalties based on usage of the technology, or per unit fees, and we share that revenue with our clients. We currently maintain a small inventory of our Calmare<sup>®</sup> pain therapy medical device and we recognize revenue from those sales as devices are shipped to our customers.

Our revenue fluctuates due to changes in revenue of our customers, upfront license fees, new licenses granted, new distribution agreements, expiration of existing licenses or agreements, and/or the expiration or economic obsolescence of patents underlying licenses or products.

We acquire rights to commercialize a technology or product on an exclusive or non-exclusive basis, worldwide or limited to a specific geographic area. When we license or sublicense those rights to our customers, we may limit rights to a defined field of use. Technologies can be early, mid, or late stage. Products we evaluate must be working prototypes or finished products. We establish channel partners based on forging relationships with mutually aligned goals and matched competencies to deliver solutions that benefit the ultimate end-user.

Sales of our Calmare<sup>®</sup> pain therapy medical device continue to be a major source of revenue for the Company. Since acquiring the rights to the “Scrambler Therapy” technology in 2007, the Company has entered into a number of International distribution agreements, currently covering 34 countries. In 2010, the Company became its own distributor in the U.S, contracting with approximately 30 commissioned sales representatives. During fiscal 2010, the Company entered into several sales agreements with physician groups, who are implementing pain clinics throughout various regions of the country which are starting to generate both revenue and more interest in the Calmare<sup>®</sup> device among doctors and patients. The Calmare<sup>®</sup> device is successfully treating patients at Walter Reed Army Medical Center and is being reviewed by several facilities within the Veterans Health Administration.

On November 15, 2010, the Board of Directors of CTTC approved a fiscal year-end change from July 31 to December 31, in order to align its fiscal periods with the calendar year.

CTTC will file its Form 10-Q for the old 2011 fiscal year period for the quarter ended October 31, 2010, and will file a Transitional Report on Form 10-Q for the two and five months ended December 31, 2010. CTTC will subsequently file its quarterly and annual reports for the new fiscal year ending December 31. CTTC's annual report on Form 10-K for the fiscal year ending December 31, 2011, will include separate audited financial statements for the five-month transitional period.

## **Presentation**

We rounded all amounts in this Item 2 to the nearest thousand dollars. Certain amounts may not total precisely.

The following discussion and analysis provides information that we believe is relevant to an assessment and understanding of our financial condition and results of operations. This discussion and analysis should be read in conjunction with our Consolidated Financial Statements and Notes thereto.

## **Results of Operations – Three months ended October 31, 2010 vs. three months ended October 31, 2009 ("first quarter fiscal 2010")**

### **Summary of Results**

We incurred a net loss of \$1,094,000 or \$0.08 per share for the quarter ended October 31, 2010, compared to a net loss of \$756,000 or \$0.08 per share for the first quarter fiscal 2010, a 45% increase in net loss of \$338,000. As explained in detail below, the increase in the net loss reflects a decrease of \$25,000 in revenue and an increase in expenses of \$314,000.

### **Revenue**

In the quarter ended October 31, 2010, total revenue was \$119,000, compared to \$144,000 for the first quarter fiscal 2010, a 17% decrease or \$25,000.

We actively market existing technologies, and seek new technologies to grow the revenue stream. In fiscal 2009, we created a new business model for appropriate technologies that allows us to move beyond our usual royalty arrangement and share in the profits of distribution.

*Product sales* for the quarter ended October 31, 2010, we recorded \$108,000 from the sale and shipment of two Calmare<sup>®</sup> pain therapy medical devices to US customers. In the first quarter fiscal 2010, we recorded \$135,000 in revenue from the sale and shipment of 12 Calmare<sup>®</sup> pain therapy medical devices; one to a US customer and 11 overseas. Because we are the US distributor, we recognize more revenue on US sales.

*Retained royalties* for the quarter ended October 31, 2010, were \$8,000, which was \$2,000, or 17% less than the \$9,000 of retained royalties reported in the first quarter fiscal 2010.

### **Expenses**

*Total expenses* increased \$314,000 or 35% in the quarter ended October 31, 2010, compared to the first quarter fiscal 2010.

*Cost of product sales* increased \$18,000 or 100% in the quarter ended October 31, 2010, compared to the first quarter fiscal 2010. This represents the cost of the two Calmare<sup>®</sup> pain therapy medical devices. There was no cost of product sales recorded for the devices sold in the first quarter fiscal 2010 because they were shipped directly from the manufacturer.

*Personnel and other direct expenses relating to revenue* increased \$34,000 or 8% in the quarter ended October 31, 2010, compared to the first quarter fiscal 2010. Personnel and related benefit expenses were lower in the quarter ended October 31, 2010 due to the termination of our former CEO in the middle of the quarter, as well as severance payments to terminated employees and changes in benefit plan enrollment and costs. That decrease was offset by increased patent related expenses (\$48,000), primarily due to International patents associated with our Calmare<sup>®</sup> device, and increased consulting fees (\$24,000), primarily due to work related to Federal government sales of our Calmare<sup>®</sup> device and the management services our current CEO.

*General and administrative expenses* increased \$262,000 in the quarter ended October 31, 2010, compared to the first quarter fiscal 2010. The increase is primarily due to increases in legal fees of \$153,000 associated with increased Board activity relating to the termination of the former CEO and the new legal activity relating to the former CEO challenging his termination for cause. Marketing expenses, investor relations expenses, and consultant fee and expenses were also higher in the quarter ended October 31, 2010, primarily due to work related to developing and implementing an insurance reimbursement strategy for our Calmare<sup>®</sup> device and efforts to increase awareness of our Calmare<sup>®</sup> pain therapy in the medical device market, as well as payments for research reports completed to increase awareness of the Company and interest in the Company's stock. The increases were offset by a reduction in the expenses for Section 404 work due to the contracting of a new firm to complete the work at lower cost.

### **Financial Condition and Liquidity**

Our liquidity requirements arise principally from our working capital needs, including funds needed to find and obtain new technologies or products, and protect and enforce our intellectual property rights, if necessary. We fund our liquidity requirements with a combination of cash on hand and cash flows from operations, if any, including royalty legal awards. At October 31, 2010, we had no outstanding long-term debt or credit facility.

Our future cash requirements depend on many factors, including results of our operations and marketing efforts, results and costs of our legal proceedings, and our equity financing. To achieve and sustain profitability, we must increase the number of distributors for our products, broaden the base of technologies for distribution, license technologies with sufficient current and long-term revenue streams, and add new licenses. Obtaining rights to new technologies, granting rights to licensees and distributors, enforcing intellectual property rights, and collecting revenue are subject to many factors, some of which are beyond our control. Although we cannot be certain that we will be successful in these efforts, we believe the combination of our cash on hand and revenue from executing our strategic plan will be sufficient to meet our obligations of current and anticipated operating cash requirements in the near future.

In fiscal 2010, the Company incorporated revenue from the sale of inventory into its revenue stream. That source of revenue is expected to continue as sales of its Calmare<sup>®</sup> pain therapy medical device continue to expand and other products are added to the Company's portfolio of technologies.

Cash and cash equivalents consist of demand deposits and interest earning investments with maturities of three months or less, including overnight bank deposits and money market funds. We carry cash equivalents at cost.

At October 31, 2010, cash and cash equivalents were \$873,000 compared to \$907,000 at July 31, 2010. The loss of \$1,094,000 for the quarter ended October 31, 2010 contained non-cash charges of \$28,000 and reduction in assets and liabilities of \$1,036,000, resulting in cash used in operations of \$31,000.

We currently have the benefit of using a portion of our accumulated NOLs to eliminate any future regular federal and state income tax liabilities. We will continue to receive this benefit until we have utilized all of our NOLs, federal and state. However, we cannot determine when and if we will be profitable and utilize the benefit of the remaining NOLs before they expire.

### **Going Concern**

The Company has incurred operating losses since fiscal 2006. During the year ended July 31, 2010 and into the three months ended October 31, 2010, we had a significant concentration of revenues from our Calmare<sup>®</sup> pain therapy



medical device technology. We continue to seek revenue from new technologies or products to mitigate the concentration of revenues, and replace revenues from expiring licenses on other technologies. At current reduced spending levels, the Company may not have sufficient cash flow to fund operating expenses beyond the third quarter of calendar 2011. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

The Company's continuation as a going concern is dependent upon its developing recurring revenue streams sufficient to cover operating costs. The company does not have any significant individual cash or capital requirements in the budget going forward. During the three months ended October 31, 2010, the Company undertook a major reduction of its operating expenses. The reduction continues to be implemented and is expected to reduce costs by \$1.5 million annually. If necessary, CTTC will meet anticipated operating cash requirements by further reducing costs, and/or pursuing sales of certain assets and technologies while we pursue licensing and distribution opportunities for our remaining portfolio of technologies. There can be no assurance that the Company will be successful in such efforts. Failure to develop a recurring revenue stream sufficient to cover operating expenses would negatively affect the Company's financial position.

### **Capital requirements**

We continue to seek revenue from new technology licenses to mitigate the concentration of revenue, and replace revenue from expiring licenses. We have created a new business model for appropriate technologies that allows us to move beyond our usual royalty arrangement and share in the profits of distribution.

We expect our capital expenditures to be less than \$100,000 in the coming year.

### **Contractual Obligations and Contingencies**

There have been no substantial changes to our contractual obligations since July 31, 2010.

*Contingencies.* Our directors, officers, employees and agents may claim indemnification in certain circumstances. We seek to limit and reduce our potential financial obligations for indemnification by carrying directors and officers liability insurance, subject to deductibles.

We also carry liability insurance, casualty insurance, for owned or leased tangible assets, and other insurance as needed to cover us against claims and lawsuits that occur in the ordinary course of business.

Many of our license and service agreements provide that upfront license fees, license fees and/or royalties we receive are applied against amounts that our clients or we have incurred for patent application, prosecution, issuance and maintenance costs. If we incur such costs, we expense them as incurred, and reduce our expense if we are reimbursed from future fees and/or royalties we receive. If the reimbursement belongs to our client, we record no revenue or expense.

As of October 31, 2010, CTTC and its majority-owned subsidiary, VVI, have remaining obligations, contingent upon receipt of certain revenue, to repay up to \$199,006 and \$203,478, respectively, in consideration of grant funding received in 1994 and 1995. CTTC is also obligated to pay at the rate of 7.5% of its revenue, if any, from transferring rights to certain inventions supported by the grant funds. VVI is obligated to pay at rates of 1.5% of its net sales of supported products or 15% of its revenue from licensing supported products, if any. We recognize these obligations only if we receive revenue related to the grant funds. We recognized approximately \$475 of these obligations in the quarter ended October 31, 2010.

We engage independent consultants who provide us with business development and/or evaluation services under contracts that are cancelable on certain written notice. These contracts include contingencies for potential incentive compensation earned solely on sales resulting directly from the work of the consultant. For the three months ended October 31, 2010, and 2009, we recorded approximately \$14,000, and \$11,000, respectively of these contingent compensation expenses.

### **Critical Accounting Estimates**

There have been no significant changes in our accounting estimates described under the caption “Critical Accounting Estimates” included in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” in our Annual report on Form 10-K for the year ended July 31, 2010.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Not applicable.

### **Item 4. Controls and Procedures**

#### **(a) Evaluation of disclosure controls and procedures**

Our management evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Securities Exchange Act Rules 13a-15(e) and 15d-15(e)) as of October 31, 2010. Our disclosure controls and procedures are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Act (15 U.S.C. 78a *et seq.*) is recorded, processed, summarized, and reported, within the time periods specified in the Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, management concluded that our disclosure controls and procedures, were effective as of October 31, 2010.

#### **(b) Change in Internal Controls**

There were no changes in our internal control over financial reporting for the period ending October 31, 2010, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II – OTHER INFORMATION**

### **Item 1. Legal Proceedings**

See Part I, Note 11 to the accompanying unaudited condensed consolidated financial statements of this Quarterly Report on Form 10-Q.

### **Item 1A. Risk Factors**

There have been no material changes with respect to the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended July 31, 2010.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None

### **Item 3. Defaults Upon Senior Securities**

None

### **Item 5. Other Information**

None.

### **Item 6. Exhibits**

- 31.1 Certification by the Chief Executive Officer of Competitive Technologies, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).
- 31.2 Certification by the Chief Financial Officer of Competitive Technologies, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).
- 32.1 Certification by the Chief Executive Officer of Competitive Technologies, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) (furnished herewith).
- 32.2 Certification by the Chief Financial Officer of Competitive Technologies, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) (furnished herewith).

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPETITIVE TECHNOLOGIES, INC.  
(the registrant)

By /s/ Johnnie D. Johnson.  
Johnnie D. Johnson  
Chief Executive Officer,  
Chief Financial Officer,  
Chief Accounting Officer  
(Principal Executive, Financial, and Accounting Officer)

March 3, 2011

## INDEX TO EXHIBITS

| <u>Exhibit No.</u> | <u>Description</u>  |
|--------------------|---|
| 31.1               | Certification by the Chief Executive Officer of Competitive Technologies, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).    |
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| 32.2               | Certification by the Chief Financial Officer of Competitive Technologies, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) (furnished herewith). |

**CERTIFICATION**

I, Johnnie D. Johnson, certify that:

1. I have reviewed this Amendment 1 to the report on Form 10-Q of Competitive Technologies, Inc. for the period ended October 31, 2010;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 3, 2011

/s/ Johnnie D. Johnson

Johnnie D. Johnson

Chief Executive Officer (Principal Executive Officer)

**CERTIFICATION**

I, Johnnie D. Johnson, certify that:

1. I have reviewed this Amendment 1 to the report on Form 10-Q of Competitive Technologies, Inc. for the period ending October 31, 2010;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 3, 2011

/s/ Johnnie D. Johnson

Johnnie D. Johnson  
Chief Financial Officer

**CERTIFICATION PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. 1350)**

In connection with Amendment 1 to the Report of Competitive Technologies, Inc. (the “Company”) on Form 10-Q for the three months ended October 31, 2010, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Johnnie D. Johnson, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Johnnie D. Johnson  
Johnnie D. Johnson  
Chief Executive Officer

March 3, 2011



**CERTIFICATION PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. 1350)**

In connection with Amendment 1 to the Report of Competitive Technologies, Inc. (the “Company”) on Form 10-Q for the three months ended October 31, 2010, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Johnnie D. Johnson, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Johnnie D. Johnson  
Johnnie D. Johnson  
Chief Financial Officer

March 3, 2011



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