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

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended January 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	36-2664428
(State or other jurisdiction if incorporation or organization)	(I.R.S. Employer Identification No.)
777 Commerce Drive Fairfield, Connecticut	06825
(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 [X] 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 [ ] Accelerated filer [ ] Non-accelerated filer [ ] Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Exchange Act).
Yes [ ] No [X]

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes [ ] No [ ]

The number of shares of the registrant’s common stock outstanding as of March 16, 2010 was 11,023,509 shares.

COMPETITIVE TECHNOLOGIES, INC.

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PART I. FINANCIAL INFORMATION
Item 1. Condensed Consolidated Interim Financial Statements

COMPETITIVE TECHNOLOGIES, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

	January 31, 2010 (Unaudited)	July 31, 2009
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,081,328	$ 752,071
Receivables, net of allowance of $101,154 at January 31, 2010 and July 31, 2009	143,130	199,619
Inventory	433,752	-
Prepaid expenses and other current assets	110,038	206,789
Total current assets	1,768,248	1,158,479
Property and equipment, net	175,690	203,012
Deferred financing costs, net	137,135	40,000
TOTAL ASSETS	$ 2,081,073	$ 1,401,491
Liabilities and Shareholders' Interest		
Current Liabilities:		
Accounts payable	$ 617,096	$ 352,543
Accrued expenses and other liabilities	500,314	682,362
Total current liabilities	1,117,410	1,034,905
Deferred Rent	74,642	81,418
Shareholders' interest:		
5% preferred stock, $25 par value, 35,920 shares authorized, 2,427 shares issued and outstanding	60,675	60,675
Common stock, $.01 par value, 20,000,000 shares authorized, 10,911,029 and 9,819,027 shares issued and outstanding, respectively	109,110	98,190
Capital in excess of par value	39,981,682	37,887,925
Accumulated deficit	(39,262,446)	(37,761,622)
Total shareholders' interest	889,021	285,168
TOTAL LIABILITIES AND SHAREHOLDERS' INTEREST	$ 2,081,073	$ 1,401,491

See accompanying notes

PART I. FINANCIAL INFORMATION (Continued)

COMPETITIVE TECHNOLOGIES, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations
(Unaudited)

	Three months ended January 31, 2010	2009
Revenue		
Product sales	**$ 152,269**	$ -
Gain on sale of rental assets	**81,203**	-
Retained royalties	**28,731**	27,138
Investment income	**18**	1,608
Other income	**6,132**	-
Total Revenue	**268,353**	28,746
Expenses		
Cost of product sales	**9,036**	162
Personnel and other direct expenses relating to revenue	**510,637**	481,785
General and administrative expenses	**490,836**	479,429
Patent enforcement expenses, net of reimbursements	**-**	(233)
Interest expense	**2,942**	-
Total Expenses	**1,013,451**	961,143
(Loss) before income taxes	**(745,098)**	(932,397)
Provision (benefit) for income taxes	**-**	-
Net (loss)	**$ (745,098)**	$ (932,397)
Basic and diluted (loss) per share	**$ (0.07)**	$ (0.11)
Basic and diluted weighted average number of common shares outstanding	**10,526,100**	8,440,698

See accompanying notes

PART I. FINANCIAL INFORMATION (Continued)

COMPETITIVE TECHNOLOGIES, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations
(Unaudited)

	Six months ended January 31,	
	2010	2009
Revenue		
Product sales	**$ 287,365**	$ 834
Gain on sale of rental assets	**81,203**	-
Retained royalties	**37,732**	53,758
Investment income	**48**	6,964
Other income	**6,132**	70,991
Total Revenues	**412,480**	132,547
Expenses		
Cost of product sales	**9,036**	407
Personnel and other direct expenses relating to revenue	**953,030**	1,160,185
General and administrative expenses	**947,127**	1,270,601
Patent enforcement expenses, net of reimbursements	**-**	1,852
Interest Expense	**4,111**	-
Insurance recovery	**-**	(400,000)
Total Expenses	**1,913,304**	2,033,045
(Loss) before income taxes	**(1,500,824)**	(1,900,498)
Provision (benefit) for income taxes	**-**	-
Net (loss)	**$ (1,500,824)**	$ (1,900,498)
Basic and diluted (loss) per share	**$ (0.15)**	$ (0.23)
Basic and diluted weighted average number of common shares outstanding:	**10,205,766**	8,326,580

See accompanying notes

COMPETITIVE TECHNOLOGIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statement of Changes in Shareholders' Interest
For the six months ended January 31, 2010
(Unaudited)

	Preferred Stock		Common Stock				
	Shares outstanding	**Amount**	**Shares outstanding**	**Amount**	**Capital in excess of par value**	**Accumulated deficit**	**Total Shareholders' interest**
Balance – July 31, 2009	2,427	$ 60,675	9,819,027	$ 98,190	$37,887,925	$(37,761,622)	$ 285,168
Net (loss)						(1,500,824)	(1,500,824)
Compensation expense from stock option grants					163,063		163,063
Stock issued to Directors			10,000	100	18,550		18,650
Issuance of Fusion initial commitment shares			86,933	869	211,247		212,116
Sale of shares to Fusion			995,069	9,951	1,865,051		1,875,002
Amortization of deferred financing costs related to Fusion shares					(164,154)		(164,154)
Balance – January 31, 2010 (Unaudited)	2,427	$ 60,675	10,911,029	$ 109,110	$ 39,981,682	$ (39,262,446)	$ 889,021

See accompanying notes

PART I. FINANCIAL INFORMATION (Continued)

COMPETITIVE TECHNOLOGIES, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Cash Flows
(Unaudited)

	Six months ended January 31,	
	2010	2009
Cash flows from operating activities:		
Net (loss)	**$ (1,500,824)**	$ (1,900,498)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	**28,656**	32,012
Deferred rent	**(6,776)**	1,876
Share-based compensation – stock options	**163,063**	137,656
Accrued stock contribution	**14,842**	(93,688)
Gain on sale of rental assets	**(81,203)**	-
Changes in assets and liabilities:		
Receivables	**56,489**	(168,839)
Inventory	**(433,752)**	-
Prepaid expenses and other long-term assets	**96,751**	157,483
Accounts payable, accrued expenses and other liabilities	**86,313**	(64,750)
Net cash (used in) operating activities	**(1,576,441)**	(1,898,748)
Cash flows from investing activities:		
Purchases of rental assets	**(24,000)**	(1,490)
Proceeds from sale of rental assets	**103,868**	-
Net cash provided by investing activities	**79,868**	(1,490)
Cash flows from financing activities:		
Proceeds from sale of stock	**1,875,002**	362,498
Deferred finance charges	**(49,172)**	(5,670)
Net cash provided by financing activities	**1,825,830**	356,828
Net increase/(decrease) in cash and cash equivalents	**329,257**	(1,543,410)
Cash and cash equivalents at beginning of period	**752,071**	2,237,095
Cash and cash equivalents at end of period	**$ 1,081,328**	$ 693,685

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 (“Fusion Capital”) as initial commitment shares per our equity financing agreement, dated August 6, 2009. On January 4, 2010, the Company issued 10,000 shares valued at $18,650 as compensation to four non-employee directors under the 1996 Directors’ Stock Participation Plan.

During the first six months of fiscal 2010, we amortized $164,154 of deferred financing costs related to our equity financing agreement against Capital in Excess of Par Value.

See accompanying notes

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 thereto is unaudited.

Competitive Technologies, Inc. ("CTT") and its wholly-owned subsidiary, CTT Trading Company, LLC ("CTT Trading"), and 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.A. and Asia, with respect to a broad range of life and physical sciences, electronics, and nanotechnologies 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 by our clients' technologies.

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

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 United States of America. The results for the three and six months ended January 31, 2010 are not necessarily indicative of the results that can be expected for the full fiscal year ending July 31, 2010.

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, 2009, filed on October 27, 2009.

The Company has incurred operating losses since fiscal 2006. At current reduced spending levels, the Company may not have sufficient cash flow to fund operating expenses beyond fiscal 2010. 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. If necessary, we 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. In addition, we will sell shares to Fusion Capital Fund II, LLC ("Fusion Capital") per our August 6, 2009 Agreement, on an as-needed basis, when the Company's stock price is at or above $1.00 per share. There can be no assurance that the Company will be successful in these revenue-generating efforts or that we will be able to obtain alternative financing should our stock price fall below $1.00 per share. In addition, should the Company be delisted by the NYSE Amex (“the Exchange”) and be unable to obtain listing with another exchange, the Company will not be able to sell shares to Fusion Capital (See Note 10). Failure to develop a recurring revenue stream sufficient to cover operating expenses would negatively affect the Company’s financial position.

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. In addition, we have the ability to fund our requirements through sales of common stock under the Fusion Capital Agreement. At January 31, 2010, we had no outstanding debt, and no credit facility.

In late fiscal 2007, we obtained exclusive worldwide distribution rights to a non-invasive pain management therapy device for rapid treatment of high-intensity oncologic and neuropathic pain, including pain resistant to morphine and other drugs. The non-invasive Calmare Therapy medical device, which uses "Scrambler Therapy" developed in Italy by our client, Professor Giuseppe Marineo, was brought to us through the efforts of Prof. Giancarlo Elia Valori of the Italian business development group, Sviluppo Lazio S.p.A., and assistance from the Zangani Investor Community™ and with the cooperation of Mr. Giuseppe Belcastro, Legal Counsel for Professor Marineo. The unit, with a biophysical rather than a biochemical approach, uses a multi-processor able to simultaneously treat multiple pain areas by applying surface electrodes to the skin. The device's European CE mark certification allows it to be distributed and sold throughout Europe, and makes it eligible for approval for distribution and sales in multiple global markets. U.S. FDA 510(k) clearance for the device was awarded in February 2009, opening the door to U.S. sales. GEOMC Co., Ltd. of Korea is manufacturing the device commercially for worldwide distribution.

Beginning in fiscal 2008, we entered into a number of distribution agreements granting country-exclusive rights to a number of international distributors. Each distributor is required to obtain local sales authorization. Ongoing sales from these distribution agreements are anticipated in subsequent quarters of fiscal 2010 and into the future.

In the U.S., we have decided to be the principal marketer for the Calmare device and have hired a Vice President, Sales and Marketing, and contracted with several salesmen in support of that decision. As a result, we have terminated the exclusive U.S. distribution agreement we had with Innovative Medical Therapies, Inc.

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 January 31,		Six months ended January 31,	
	2010	**2009**	**2010**	**2009**
Basic and diluted (loss) per share	**$ (0.07)**	**$ (0.11)**	**$ (0.15)**	**$ (0.23)**
Denominator for basic net income (loss) per share, weighted average shares outstanding	**10,526,100**	**8,440,698**	**10,205,766**	**8,326,580**
Dilutive effect of common stock options	**N/A**	**N/A**	**N/A**	**N/A**
Denominator for net income (loss) per share, assuming dilution	**10,526,100**	**8,440,698**	**10,205,766**	**8,326,580**

Options to purchase 729,000 and 802,060 shares of our common stock at January 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 periods ended January 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 and warrants would have been anti-dilutive.

3. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Fair Value. In 2006, the Financial Accounting Standards Board ("FASB") issued a new accounting standard which defined fair value, established a market based framework or hierarchy for measuring fair value and expanded disclosures about fair value measurements. We partially adopted this standard in fiscal 2009 and dully adopted it in the first quarter of fiscal 2010. This standard is applicable whenever another accounting standard requires or permits assets and liabilities to be measured at fair value and did not expand or require any new fair value measures. The adoption of this standard did not have a material effect on our financial condition or results of operations.

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. The Company is currently evaluating the impact this standard will have 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. The Company is currently evaluating the impact the adoption this standard will have on the financial statements.

Revenue Recognition. In October 2009, the FASB issued an accounting standards update amending revenue recognition requirements for multiple-deliverable revenue arrangements. This update provides guidance on separating the deliverables and on the method to measure and allocate arrangement consideration, particularly when the arrangement includes both products and services provided to the customers. The update is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted. The Company is currently evaluating the impact this standards update will have on the financial statements.

Fair Value Disclosures. In January of 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. The Company is currently evaluating the impact this standards update will have on the financial statements.

4. RECEIVABLES

Receivables consist of the following:

	January 31, 2010	July 31, 2009
Royalties, net of allowance of $101,154 at January 31, 2010 and July 31, 2009	**$ 138,963**	$ 88,023
Advance to GEOMC Co. Ltd.	-	107,989
Other	**4,167**	3,607
Total receivables	**$ 143,130**	$ 199,619

5. INVENTORY

Inventory consists of finished product of our pain management therapy device. Inventory is stated at lower of cost (first in, first out) or market.

6. 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 fair value, and classified as current assets, consisted of the following:

	January 31, 2010	July 31, 2009	Number of shares	Type
Security Innovation, Inc.	**-**	-	223,317	Common Stock
	$ -0-	$ -0-		

We held shares in NTRU, a privately held company that sold encryption software for security purposes, principally in wireless markets. There was no public market for NTRU shares. On July 22, 2009, Security Innovation, an independent provider of secure software located in Wilmington, MA, acquired all NTRU assets. We have received 223,317 shares of stock in the privately held Security Innovation in exchange for our investment in NTRU.

7. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other assets consist of the following:

	January 31, 2010	July 31, 2009
Prepaid insurance	**$ 31,300**	$ 125,198
Prepaid investor relations service	**20,000**	20,000
Prepaid employee benefits	**-**	18,158
Other	**58,738**	43,433
Prepaid expenses and other current assets	**$ 110,038**	$ 206,789

8. PROPERTY AND EQUIPMENT

Property and equipment, net, consist of the following:

	January 31, 2010	July 31, 2009
Equipment and furnishings	**$ 419,802**	$ 419,802
Leasehold improvements	**113,838**	113,838
Property and equipment, gross	**533,640**	533,640
Accumulated depreciation and amortization	**(357,950)**	(330,628)
Property and equipment, net	**$ 175,690**	$ 203,012

Depreciation and amortization expense was $14,704 and $15,794, during the second quarter of fiscal 2010 and 2009, respectively. Depreciation and amortization expense was $28,656 and $32,012, during the first six months of fiscal 2010 and 2009, respectively.

9. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following:

	January 31, 2010	July 31, 2009
Royalties payable	**$ 18,271**	$ 54,093
Deferred Executive Payroll	**152,808**	126,538
Accrued 401(K) contribution	**75,000**	50,000
Accrued Directors' Stock Option Compensation	**1,192**	30,000
Accrued audit fees	**141,119**	100,000
Accrued legal fees	**38,023**	197,214
Other accrued professional fees	**4,624**	7,500
Accrued Directors Fees	**5,333**	59,833
Unclaimed property liability	**24,981**	25,431
Other	**38,963**	31,753
Accrued expenses and other liabilities	**$ 500,314**	$ 682,362

10. SHAREHOLDERS' EQUITY AND STOCK-BASED COMPENSATION PLANS

During the three and six months ended January 31, 2010, the Company recognized $59,226 and $118,308 of non-cash compensation expense for stock options issued to employees in prior years.

During the second quarter of fiscal 2010, the Company granted to its four non-employee directors as their annual award, options to purchase an aggregate of 40,000 shares of common stock under the Directors Stock Option Plan at an exercise price of $1.87 per share that vest immediately. The fair value of the options was $44,755.

We estimated the fair value of each option on the grant date using a Black-Scholes option-pricing model with the following weighted average assumptions:

Dividend yield (1)	0.0%
Expected volatility (2)	75.0%
Risk-free interest rates (3)	2.7%
Expected term (2)	Five years

(1) We have not paid cash dividends on our common stock since 1981, and currently do not have plans to pay or declare cash dividends. Consequently, we used an expected dividend rate of zero for the valuations.
(2) Estimated based on our historical experience. Volatility was based on historical experience over a period equivalent to the expected term in years.
(3) Based on the U.S. Treasury constant maturity interest rate with a term consistent with the expected life of the options granted.

Pursuant to the terms of our 1996 Directors' Stock Participation Plan, on January 4, 2010 we issued a total of 10,000 shares of our common stock to our four non-employee directors. These shares were valued at $18,650.

On July 22, 2008, we entered into an agreement with Fusion Capital to sell up to $5.0 million of our common stock to Fusion Capital over a 24-month period (the "2008 Agreement"). We had the right to determine the timing and the amount of stock sold, if any, to Fusion Capital. On August 5, 2009, we terminated that 2008 Agreement.

On August 6, 2009, we entered into another agreement with Fusion Capital to sell up to $8.0 million of our common stock to Fusion Capital over a 25-month period (the "2009 Agreement"). We have the right to determine the timing and the amount of stock sold, if any, to Fusion Capital.

Under the terms of the 2009 Agreement, we issued 86,933 registered shares of our common stock to Fusion Capital on October 2, 2009 for its initial commitment (the "Initial Commitment Shares"), and agreed to issue 86,933 Additional Commitment Shares (the "Additional Commitment Shares") to Fusion Capital on a pro-rata basis as we sell the $8.0 million of stock (collectively, the "Commitment Shares"). Commencement of sales of common stock under the 2009 Agreement was contingent upon certain conditions, principally the Securities and Exchange Commission ("SEC") declaring effective our registration statement filed with the SEC to register 1,962,823 shares of common stock potentially to be issued under the 2009 Agreement. On October 1, 2009 the SEC declared our registration statement effective.

Subject to our right to suspend sales of our common stock at any time and to terminate the 2009 Agreement at any time, Fusion Capital is obligated to purchase up to $75,000 of our common stock each two business days (the "Base Purchase Amount"). No sales will be made below a $1.00 per share floor price. The sale price per share will be the lower of the lowest sales price on the sale date or an average of the three lowest closing prices during the 12 consecutive trading days prior to the sale date.

Fusion Capital may not purchase shares of our common stock under the 2009 Agreement if Fusion Capital would beneficially own in excess of 19.99% of our common stock outstanding at the time of purchase. Fusion Capital has agreed not to sell the Commitment Shares for 25 months or termination of the 2009 Agreement.

During the first six months of fiscal 2010, the Company sold 974,694 shares of common stock, and issued 20,375 additional commitment shares to Fusion Capital per the terms of the 2009 Agreement. Total proceeds realized from these sales were approximately $1,875,000. In addition, we amortized approximately $164,154 of deferred charges against capital in excess of par value. We are amortizing deferred financing costs based upon the ratio of shares issued compared to the total number of shares available for sale in the 2009 Agreement.

On December 2, 2008, we received notice from the NYSE Amex, then known as NYSE Alternext US LLC (the "Exchange"), notifying us that the staff of the Exchange Corporate Compliance Department had determined that the Company Form 10-K for the fiscal year ended July 31, 2008 did not meet continued listing standards as set forth in Part 10 of the Exchange Company Guide, and the Company has therefore become subject to the procedures and requirements of Section 1009 of the Exchange Company Guide. As noted in Section 1003 of the Exchange Company Guide, companies with stockholders' equity of less than $2 million, and losses from continuing operations and net losses in two out of its three most recent fiscal years, or with stockholders' equity of less than $4 million and losses from continuing operations and net losses in three out of its four most recent fiscal years are non-compliant.

On December 18, 2008, the company submitted a business plan to the Exchange detailing actions it will take to bring it into compliance with the above continued listing standards by June 2, 2010. On January 22, 2009, the Exchange accepted our business plan.

The Company will continue its listing during the plan period up to June 2, 2010, during which time it will be subject to periodic review to determine whether it is making progress consistent with the plan. If the Company is not in compliance with the continued listing standards at the conclusion of the plan period or does not make progress consistent with the plan during the plan period, the Exchange staff will initiate delisting procedures as appropriate. The Company is allowed to appeal a staff determination to initiate delisting proceedings in accordance with Section 1010 and Part 12 of the Exchange Company Guide. Per the 2009 Agreement with Fusion Capital, should we be delisted from the Exchange and unable to obtain listing with another exchange, we will be unable to sell shares to Fusion Capital.

11. CONTINGENCIES

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. Further action in this case is pending as the BPAI result has been appealed by the examiner prior to being returned to the U.S District Court for the District of Colorado. We filed information refuting the examiner's appeal and continue to await the BPAI appeal decision.

Ben Marcovitch and other co-defendants (Case completed) – Following the removal for cause from our Board of Directors of former CTT Director Ben Marcovitch, CTT filed a Federal complaint in the U.S. District Court for the District of Connecticut against Mr. Marcovitch, Betty Rios Valencia, President and CEO of Agrofrut and former spouse of Mr. Marcovitch, John Derek Elwin, III, a former CTT employee, and other defendants. The complaint claimed that false and misleading information had been provided to CTT in a conspiracy to fraudulently obtain funds from CTT using the Agrofrut transaction. CTT requested, among other relief, punitive damages and attorneys' fees.

Following a number of pretrial motions and other delays, on September 8, 2009, the Judge ruled favorably on CTT's motion for default judgment. The judge confirmed that Marcovitch was properly removed as a member of CTT's Board of Directors and issued a permanent injunction prohibiting Marcovitch from holding himself out as a member of CTT's Board. A judgment was entered against Strauss prohibiting Strauss from soliciting proxies in contravention of the SEC rules and regulations. Based on the Court's rulings, CTT will now proceed to collect all funds possible from the parties.

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. CTT 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 CTT 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 CTT 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 CTT 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, CTT filed a complaint in the U.S. District Court for the District of Connecticut against the former employee seeking a declaration that CTT did not violate SOX as alleged in the employee's 2007 OSHA complaint, and to recover approximately $80,000 that CTT 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 (CTT) violated SOX". We anticipate no further action on this matter.

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.

12. GAIN ON SALE OF RENTAL ASSETS

During October of 2009, the Company entered into an agreement to rent two of our Calmare Therapy Treatment pain therapy devices. The monthly rental amount was $2,400 for both devices and the terms were month to month. The agreement required our customer to make a non-refundable upfront payment of $24,000. We planned to amortize the upfront payment into income over a period of three years, which was the expected life of the agreement. In addition, we set up rental assets for the cost of purchasing the rental assets from our manufacturer. The rental assets were to be depreciated over three years.

During January of 2010, our customer decided to purchase the two devices outright. This transaction is reflected as Gain on Sale of Rental Assets in our statement of operations. The gain reflects the purchase price of the assets plus the unamortized upfront payment offset by the undepreciated value of the rental assets.

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, 2009, filed with the Securities and Exchange Commission ("SEC") on October 27, 2009, 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. ("CTT"), was incorporated in Delaware in 1971, succeeding an Illinois corporation incorporated in 1968. CTT and its subsidiaries (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 (collectively, the "technology" or "technologies"), 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 two ways, from licensing our clients' and our own technologies to our customer licensees, and in a business model that allows us to share in the profits of distribution of finished products. 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. 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 a working prototype or finished product. We establish channel partners based on forging relationships with mutually aligned goals and matched competencies, to deliver solutions that benefit the ultimate end-user.

Presentation

We rounded all amounts in this Item 2 to the nearest thousand dollars, except per share data. 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.

The Company has incurred operating losses since fiscal 2006. We continue to seek revenue from new technologies or products to replace revenues from expiring licenses. At current reduced spending levels, the Company may not have sufficient cash flow to fund operating expenses beyond fiscal 2010. 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. If necessary, we 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. The company does not have any significant individual cash or capital requirements in the budget going forward. In addition, we will sell shares to Fusion Capital per our August 6, 2009 Agreement, on an as-needed basis, when the Company's stock price is at or above $1.00 per share. There can be no assurance that the Company will be successful in these efforts or that we will be able to obtain alternative financing should our stock price fall below $1.00 per share. Failure to develop a recurring revenue stream sufficient to cover operating expenses would negatively affect the Company's financial position. In addition, should the Company be delisted by the NYSE Amex ("the Exchange") and be unable to obtain listing with another exchange, the Company will not be able to sell shares to Fusion Capital (See Note 10).

Results of Operations – Three months ended January 31, 2010 ("second quarter 2010") vs. three months ended January 31, 2009 ("second quarter 2009")

Summary of Results

We incurred a net loss of $745,000 or $0.07 per share for the second quarter 2010, compared to a net loss of $932,000 or $0.11 per share for the second quarter 2009, a 20% decrease in net loss of $187,000, or $0.04 per share. As explained in detail below, the decrease in the net loss reflects an increase in revenue of $239,000 offset by an increase in expenses of $52,000.

Revenue

In the second quarter 2010, total revenue was $268,000, compared to $29,000 for the second quarter 2009, a 824% increase or $239,000.

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 second quarter of fiscal 2010 included $152,000 in revenue recorded from the sale and shipment of seven Calmare® Therapy Treatment pain therapy management devices. There were no sales of this device in the second quarter of fiscal 2009.

Gain on sale of rental assets for the second quarter of fiscal 2010 included $81,000 from the conversion of a rental contract for two Calmare Therapy Treatment pain therapy management devices into outright sales of the devices. There were no conversions of rental assets in the second quarter of fiscal 2009 (See Note 12).

Retained royalties for the second quarter 2010 were $29,000, which was $2,000, or 7% more than the $27,000 of retained royalties reported in the second quarter 2009.

Investment income includes dividends and interest earned on our invested cash. Investment income was $0 in the second quarter 2010, which was a decrease of $2,000, or 100% from the $2,000 reported for the second quarter 2009. The decrease was primarily due to lower invested balances for the current quarter as compared to the prior year quarter.

Other income in fiscal 2010 represents rental income earned on two Calmare Therapy Treatment pain therapy management devices for two months. These rental assets were sold to our customer in January 2010. There was no rental income earned during the second quarter of fiscal 2009.

Expenses

	For the three months ended January 31,			
	2010	2009	Increase (Decrease)	% Increase (Decrease)
Cost of Product Sales	**$ 9,000**	$ -	$ 9,000	100%
Personnel and other direct expenses relating to revenue	**510,000**	482,000	28,000	6%
General and administrative expenses	**491,000**	479,000	12,000	3%
Interest expense	**3,000**	-	3,000	100%
Total expenses	**$ 1,013,000**	$ 961,000	$ 52,000	5%

Total expenses increased $52,000 or 5% in the second quarter 2010, compared to the second quarter 2009.

Cost of Product Sales in the second quarter of fiscal 2010 primarily relates the company's purchase of 50 Calmare Therapy Treatment pain therapy management devices from its Korean manufacturer to hold as inventory to fulfill US sales orders. One of these 50 devices was sold during the quarter and is included in cost of sales for the quarter.

Personnel and other direct expenses relating to revenue increased a net $28,000 or 6% in the second quarter 2010, compared to the second quarter 2009. Payroll and related benefits are lower in the second quarter of fiscal 2010, by $41,000 as a result of reducing full-time equivalent headcount from 12 to 9. In addition, we recorded $45,000 in severance during the second quarter of fiscal 2009, while there were no corresponding severance payments in the second quarter of fiscal 2010. Consulting costs were $47,000 less in the second quarter of fiscal 2010 as management has made a concerted effort to reduce expenses. These reductions were offset by increases in costs to commercialize our pain management device. The increase of $20,000 was primarily due to the cost of samples provided by the manufacturer to CTT. Costs for the employer contribution to our 401(k) plan were $125,000 more than in the second quarter of fiscal 2009, because the second quarter of fiscal 2009 expense reflected an adjustment to correct the 401(k) expense accrual for fiscal 2008 and the first quarter of fiscal 2009. In addition we incurred $16,000 of recruiting costs in the second quarter of fiscal 2010. The company has decided to become the principal U.S. marketer of the Calmare pain therapy devices. As part of that decision, we have hired a Vice President, Sales and Marketing to help implement the company’s business plan for our pain management technology.

General and administrative expenses increased a net $12,000 in the second quarter 2010, compared to the second quarter 2009. Marketing costs increased $36,000 as the company has retained RF|Binder to assist with public relations for the pain management therapy device. In addition the company retained Medical Technology partners to help develop insurance reimbursement codes for the pain management therapy device. This resulted in an increase of $18,000 in non-direct consulting costs. Investor relations costs are $8,000 higher than in fiscal 2009 due to international release of many press releases for the pain management therapy device. In addition, SOX 404 costs are $9,000 higher than fiscal 2009 because we began our compliance program for fiscal 2010 earlier than prior years. These increases were offset by a $58,000 decrease in legal costs, the result of ending our Marcovitch litigation and eliminating other legal costs.

Interest expense in the second quarter of fiscal 2010 was incurred as a result of our landlord allowing us to defer certain rent payments while we are in the process of commercializing our pain therapy device. No interest expense should be incurred after the third quarter of fiscal 2010.

Results of Operations – Six months ended January 31, 2010 ("first half 2010") vs. six months ended January 31, 2009 ("first half 2009")

Summary of Results

We incurred a net loss of $1,501,000 or $0.15 per share for the first half 2010, compared to a net loss of $1,900,000 or $0.23 per share for the first half 2009, a 21% decrease in net loss of $399,000, or $0.08 per share. As explained in detail below, the decrease in the net loss reflects an increase in revenue of $279,000 and a decrease of $120,000 in expenses.

Revenue

In the first half 2010, total revenue was $412,000, compared to $133,000 for the first half 2009, an 210% increase of $279,000.

We actively market existing technologies, and seek new technologies to grow the revenue stream. 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.

Product sales for the first half of 2010 are primarily from sales of our Calmare Therapy Treatment pain therapy management device. We sold nineteen devices in the first six months of fiscal 2010. No devices were sold during the first six months of fiscal 2009.

Gain on sale of rental assets for the first half of fiscal 2010 included $81,000 from the conversion of a rental contract for two Calmare Therapy Treatment pain therapy management devices into an outright sale of the devices. There were no conversions of rental assets in the first half of fiscal 2009 (See Note 12).

Retained royalties for the first half 2010 were $38,000, which was $16,000, or 30% less than the $54,000 of retained royalties reported in the first half 2009. The main reason for the decrease is the expiration of the patent on our novel infections bursal disease virus vaccine during the second quarter of fiscal 2009. We recorded $15,000 of royalties on this technology in fiscal 2009.

Investment income includes dividends and interest earned on our invested cash. Investment income was $0 in the first half 2010, a decrease of $7,000, or 100%, from the $7,000 reported for the first half 2009. The decrease was primarily due to lower invested balances for the first six months of fiscal 2010 as compared to the prior year.

Other income for first half 2009 is revenue from a one-time sale of our Flip Chip patents. During the second quarter of fiscal 2010 we recorded rental revenue on two of our Calmar Therapy Treatment pain therapy management devices for two months. In January 2010, we sold the units outright to our customer.

Expenses

	For the six months ended January 31,			
	2010	2009	Increase (Decrease)	% Increase (Decrease)
Cost of product sales	$ **9,000**	$ -	$ 9,000	100
Personnel and other direct expenses relating to revenue	**953,000**	1,160,000	$ (207,000)	(18)
General and administrative expenses	**947,000**	1,271,000	(324,000)	(25)
Patent enforcement expenses net of reimbursements	-	2,000	(2,000)	(100)
Interest Expense	**4,000**	-	4,000	100
Insurance recovery	-	(400,000)	400,000	(100)
Total expenses	**$ 1,913,000**	$ 2,033,000	$ (120,000)	(6)

Total expenses decreased $120,000 or 6% in the first half 2010, compared to the first half 2009.

Cost of Product Sales in the first half of fiscal 2010 primarily relates the company's purchase of 50 Calmare Therapy Treatment pain therapy management devices from its Korean manufacturer to hold as inventory to fulfill US sales orders. One of these 50 devices purchased was sold during the first half of fiscal 2010 and is included in cost of sales for the period.

Personnel and other direct expenses relating to revenue decreased a net $207,000 or 18% in the first half 2010, compared to the first half 2009. Payroll and related benefits decreased by $116,000 as a result of reducing full-time equivalent headcount from 13 to 9. Severance costs decreased $56,000 as three people were terminated in fiscal 2009 but there have been no terminations in fiscal 2010. Consulting costs were reduced by $84,000 as management has made a concerted effort to reduce costs. In addition, costs to commercialize our pain therapy device were $86,000 lower in fiscal 2010. Most of the costs incurred in fiscal 2009 were paid to consultants who helped us prepare the FDA medical device clearance documents for the device. FDA 510(k) clearance was obtained in February 2009 and related costs are significantly lower. These reductions were offset by an increase of $31,000 in recruiting costs as the company searched for and hired a Vice President, Sales and Marketing to implement the company's business plan for our pain management technology. In addition, Employer 401(k) expenses were $100,000 more in fiscal 2010 because we had corrected the 401(k) expense accrual for fiscal 2008 during the second quarter of fiscal 2009.

General and administrative expenses decreased a net $324,000 in the first half 2010, compared to the first half 2009. The decrease in expenses is primarily due to the following reductions: legal fees as a result of less litigation, $304,000, primarily the Marcovitch case; directors and officers insurance, $40,000, due to lower premiums negotiated with our policy renewal; SOX compliance expense, $73,000, because our outside consultants were able to perform most of the work for fiscal 2009 before year end. For fiscal 2008, most of the work was performed in the first quarter of fiscal 2009. These reductions were offset by hiring RF|Binder to handle public relations for our pain management therapy device, $48,000; retaining Medical Technolgy Partners to help us develop insurance reimbursement codes for the pain management therapy device, $28,000, and increase in investor relations costs of $27,000 due to international press releases on the commercialization of the pain management therapy device.

Patent enforcement expenses, net of reimbursements, decreased by $2,000 in the first half 2010, compared to the first half 2009. Patent enforcement expenses vary, depending on the activity relating to outstanding litigation.

Interest expense in the first half of fiscal 2010 was incurred as a result of our landlord allowing us to defer certain rent payments while we are in the process of commercializing our pain therapy device. No interest expense should be incurred after the third quarter of fiscal 2010.

Insurance recovery in 2009 represents settlement of our action against Federal Insurance to cover our legal fees and loss associated with the case involving Ben Marcovitch and other co-defendants. (See Note 11.)

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. In addition, we have the ability to fund our requirements through sales of common stock under the Fusion Capital agreement. At January 31, 2010, we had no outstanding debt or credit facility.

We believe we will successfully license new technologies and collect due, but unpaid, royalties on existing licenses to add revenue. Although there can be no assurance that we will be successful in these efforts, we believe the combination of our cash on hand, the ability to raise funds from sales of our common stock under the Fusion Capital agreement, and revenue from executing our strategy will be sufficient to meet our obligations of current and anticipated operating cash requirements. In fiscal 2010, we will raise cash through sale of stock to Fusion Capital as needed, when our stock price is at or above $1.00. If necessary, we will meet anticipated operating cash requirements by further reducing costs, and/or the sales of certain assets and technologies while we pursue licensing opportunities for our remaining portfolio of technologies. In addition, should the Company be delisted by the NYSE Amex ("the Exchange") and be unable to obtain listing with another exchange, the Company will not be able to sell shares to Fusion Capital (See Note 10).

In late fiscal 2007, we obtained exclusive worldwide distribution rights to a non-invasive pain management therapy device for rapid treatment of high-intensity oncologic and neuropathic pain, including pain resistant to morphine and other drugs. The non-invasive Calmare Therapy medical device, which uses "Scrambler Therapy" developed in Italy by our client, Professor Giuseppe Marineo, was brought to us through the efforts of Prof. Giancarlo Elia Valori of the Italian business development group, Sviluppo Lazio S.p.A., and assistance from the Zangani Investor Community™ and with the cooperation of Mr. Giuseppe Belcastro, Legal Counsel for Professor Marineo. The unit, with a biophysical rather than a biochemical approach, uses a multi-processor able to simultaneously treat multiple pain areas by applying surface electrodes to the skin. The device's European CE mark certification allows it to be distributed and sold throughout Europe, and makes it eligible for approval for distribution and sales in multiple global markets. U.S. FDA 510(k) clearance for the device was awarded in February 2009, opening the door to U.S. sales. GEOMC Co., Ltd. of Korea is manufacturing the device commercially for worldwide distribution.

Beginning in fiscal 2008, we entered into a number of distribution agreements granting country-exclusive rights to a number of international distributors. Each distributor is required to obtain local sales authorization. Ongoing sales from these distribution agreements are anticipated in subsequent quarters of fiscal 2010 and into the future.

In the U.S., we have decided to be the principal marketer for the Calmare device and have hired a Vice President, Sales and Marketing, and contracted with several salesmen in support of that decision. As a result, we have terminated the exclusive U.S. distribution agreement we had with Innovative Medical Therapies, Inc.

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 January 31, 2010, cash and cash equivalents were $1,081,000 compared to $752,000 at July 31, 2009. The loss of $1,501,000 for the first six months of fiscal 2010 contained non-cash charges of $207,000, a gain on the sale of rental assets of $81,000, and reduction in assets and liabilities of $201,000, resulting in cash used in operations of $1,576,000. Capital expenditures for the first six months of fiscal 2010 were $24,000 and proceeds from the sale of rental assets were $104,000. We sold shares to Fusion Capital per our equity financing agreement totaling $1,875,000. These activities increased cash by $329,000. As of March 16, 2010, our cash and cash equivalents balance is approximately $686,000.

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.

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.

For fiscal 2010, we expect our capital expenditures to be less than $50,000.

Contractual Obligations and Contingencies

There have been no substantial changes to our contractual obligations since July 31, 2009.

C*ontingencies.* 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 January 31, 2010, CTT and its majority owned subsidiary, Vector Vision, Inc. ("VVI"), have remaining obligations, contingent upon receipt of certain revenue, to repay up to $199,006 and $204,352, respectively, in consideration of grant funding received in 1994 and 1995. CTT 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 $831 of these obligations in the second quarter of fiscal 2010.

We engage commissioned salesmen as 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. Through the first six months of fiscal 2009, we neither accrued nor paid significant incentive compensation under such contracts. For fiscal 2010, we recorded approximately $18,000 of such contingent incentive compensation expense through the first six months.

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, 2009.

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, including our President, Chief Executive Officer, and Interim Chief Financial Officer, 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 Janaury 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, our President, Chief Executive Officer, and Interim Chief Financial Officer concluded that our disclosure controls and procedures, except as noted below, were effective as of January 31, 2010.

(b) Change in Internal Controls

There were no changes in our internal control over financial reporting for the period ending January 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, 2009.

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

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Changes in Registrant's Certifying Accountant

None.

Item 6. Exhibits

31.1 Certification by the Principal Executive and interim 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 Principal Executive and interim 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/ John B. Nano.
John B. Nano
Chairman, President, Chief Executive Officer,
Interim Chief Financial Officer, Chief Accounting
Officer and Authorized Signer

March 16, 2010

INDEX TO EXHIBITS

Exhibit No.	Description
31.1	Certification by the Principal Executive and Interim 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 Principal Executive and Interim 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).

Exhibit 31.1

CERTIFICATION

I, John B. Nano, Chairman, President, Chief Executive Officer, Interim Chief Financial Officer, certify that:

1. I have reviewed this Report on Form 10-Q of Competitive Technologies, Inc. (the “Company”) for the period ending January 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 Company as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company 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 Company, 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) evaluated the effectiveness of the Company’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

(c) disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter (the Company’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

(d) 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 procedures.

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’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 Company’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 Company’s internal control over financial reporting.

Date: March 16, 2010

/s/ John B. Nano
John B. Nano
Chairman, President, Chief Executive Officer,
Interim Chief Financial Officer and Chief
Accounting Officer

Exhibit 32.1

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

In connection with the Report of Competitive Technologies, Inc. (the "Company") on Form 10-Q for the quarter ended January 31, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John B. Nano, Chairman, President, Chief Executive Officer, Interim Chief Financial Officer and Chief Accounting 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/ John B. Nano
John B. Nano
Chairman, President, Chief Executive Officer,
Interim Chief Financial Officer and Chief
Accounting Officer

March 16, 2010

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