

# ibNEWS™

## international business news from the heartland

Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, Oklahoma, North & South Dakota

### Event & Information Web Sites

- Nebraska events and news: [www.mitaonline.org](http://www.mitaonline.org)
- Iowa events & news: [www.iowatraders.com](http://www.iowatraders.com)
- Kansas City events & news [www.itckc.org](http://www.itckc.org)
- Minnesota events & news [www.mgta.org](http://www.mgta.org)
- South Dakota events & news [www.sd-exports.org](http://www.sd-exports.org)
- North Dakota events & news [www.exportnd.com](http://www.exportnd.com)

### Articles of Interest

1. September Trade Index Improves
2. First National Bank Ad
3. Corn Socks Follow steps to Japan
4. International Patents Part II
5. Sonnenschein Ad
6. ibFLASH



## Heartland Exports and Imports Regress in 3rd Quarter

Although continuing to show growth overall, 2006 3Q exports and imports fell behind those of 3Q, 2005 (See table below)

According to the September Heartland International Business survey of supply managers, new export orders rose slightly in September at a slower pace growth. The *ibINDEX* notched 50.6, up .7% from August's dismal 49.9, and was the first increase since May.

Professor Ernie Goss of Creighton University, who tracks the *ibINDEX* exclusively for *ibNEWS*, said, "the recent weakness in new export orders stems from an economic slowdown among important trading partners in key Heartland industry sectors. For example, beef exports to Japan are not moving yet despite that country's lifting of the ban. Japanese consumers are just not buying Heartland beef yet."

Imports cooled to 55.1, the lowest level since December 2005, and down from August's 57.0. "Nonetheless, imports remain strong despite lower oil and commodity prices," said Goss. As long as oil prices remain high, and if the holiday buying season does

not really take off, imports will remain about where they are."

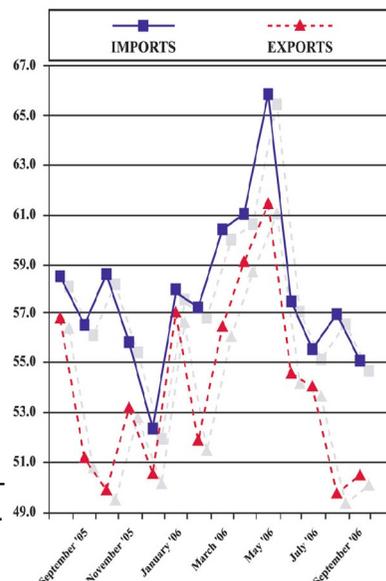
Goss doesn't expect this holiday buying season to be any stronger than last year's. He suggested that unless the Dow hits 1300, and oil prices drop considerably, we should expect holiday buying to be about where it was in 2005.

On a national level, September export orders grew slower than August, receding to 55.3 from 55.7. Primary export industries focused on food and tobacco products, non-metallic mineral products, miscellaneous manufacturing, chemical products, furniture and related products, and fabricated metal products.

Imports, nationally, jumped to 56.0 in September, up from 54.0 in August.

The *ibINDEX* is a real-time, leading indicator of monthly changes in both new export orders and imports for the 9-state region including Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, Oklahoma and North & South Dakota.

HEARTLAND TRADE INDEX  
PRODUCED IN COOPERATION WITH CREIGHTON UNIVERSITY



The Heartland Trade *ibINDEX*™  
produced in cooperation with Creighton University and sponsored by First National Bank

### 3rd Q 2006

July 2006 Imports—55.6  
August 2006 Imports—57.0  
September 2006 Imports— 55.1

July 2006 Exports—54.2  
August 2006 Exports—49.9  
September 2006 Export—50.6

### 3rd Q 2005

July 2005 Imports - 57.7  
August 2005 Imports - 58.5  
September 2005 Imports - 56.6

July 2005 Exports - 56.5  
August 2005 Exports - 56.9  
September 2005 Exports - 51.3



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## Enterprising Iowa Company Exports Corn Socks to Japan

That's right – corn socks, or more appropriately – ingeo yarn socks made from corn.

Fox River mills of Osage, Iowa, launched the ingeo socks last year based on input from three converging sources; a customer request, a yarn provider, and wanting to add a new line of socks.

Fox River has been making performance socks since 1900, and felt a need to produce a new line that contributed to environmental sustainability. Ingeo socks biodegrade within 47 days, which for the Japanese market adds new meaning to the term, space-saving.



“We introduced these socks to selected Japanese retailers last November,” said division President Joel Anderson, “and based upon such great feedback we decided to redesign and redo the packaging and re-launch in August of this year at World Shoe Association show in Las Vegas. We just made our first shipment to Japan in September.”

Working through a distributor network in 17 countries, the ingeo line has grabbed a toe-hold in South Korea and the UK as well.



Fox River Ingeo socks made from corn are a part of a new wave of eco-friendly fabrics making their way overseas.

“The environmental movement is much more accepted in other countries,” added Anderson, “and this is where we see the growth of this line.”

With price points ranging from \$12 – 15, customers are accustomed to premium prices for Fox River socks. Its performance brands include socks for the casual, athletic and outdoor markets. “We knit all of our products right here in Osage, Iowa,” Anderson said.

According to an industry performance report on the fiber, “Ingeo fiber has proved to have outstanding moisture properties and low odor ‘retention’.” In addition, in a filament fiber, the fabric offers luster, a luxurious silky feel and superb drape.

In fact, ingeo fabrics are successfully emerging within other apparel industries, such as the trendy designs in women’s fashion coming from the studio of Linda Loudermilk ([www.lindaloudermilk.com](http://www.lindaloudermilk.com)) in Los Angeles, and others.

The ingeo process begins with corn, which is converted to plant sugar. Sugar fermentation transforms into a polymer called polylactide. The ingeo fiber is extruded from this polymer.

In addition to a significant niche market, Fox River’s ingeo line of socks has no seasonality, thus sustaining product shipments year-round.

For more on Fox River, visit [www.foxsox.com](http://www.foxsox.com), or write to Joel Anderson at [joelanderson@foxrivermills.com](mailto:joelanderson@foxrivermills.com).

## Strategies For International Patents - Part II

Continued from Sept., *ibNEWS*

The provisional application is useful in that its cost is almost always a fraction of the cost of a standard (or non-provisional) application. For example, the government fee for a small entity (entity with less than 500 employees) to file a provisional application is only \$100. The government fee cost for filing that same application on a non-provisional basis could range as high as \$395 to \$790, depending on entity status.

There are also additional application fees depending on the non-provisional application's breadth. Since, in a provisional application, no claims need to be filed, the cost of the provisional application is frequently between 5% and 20% of the cost of a non-provisional application.

Once the provisional application is on file, you as applicant have one year in which to file a non-provisional application. In the meantime, you can test the marketability of your invention and, in some cases, refine the invention, though new inventive matter will not be covered by the provisional filing. Also, you can and should label the invention with the designation "Patent Pending." The filing of the application, whether provisional or non-provisional, starts a publication clock ticking such that, in 18 months, the application will be published.

Of course, there are other clocks ticking as well. Although, as mentioned above, the US patent has no effect outside the USA, a patent application which is filed in the USA can be the basis upon which to prosecute patent rights in member countries of the so-called Patent Cooperation Treaty ("PCT"). The PCT has been signed by almost all countries having a patent system, Taiwan being an important exception. You have 1 year from the filing of the US application in which to file a PCT application.



Filing a PCT application is also a kind of placeholder. A PCT application is often referred to as an international application even though there is no such thing as an international patent. Filing a PCT application designates the applicant's intention to seek patent protection in at least one member country.

Ultimately, the patent application will have to be prosecuted in each country where patent protection is sought; however, the PCT streamlines this process. Also, you do not need to transition the application into the so-called national phase in any member country until after 30 months from international filing or the first priority date.

When the application does transition into the national phase, the application is required to be translated into each covered country's official language. Because of the language translation requirements, seeking patent protection internationally can be expensive. So, you should exercise great care in choosing in which countries one seeks patent protection.

The main advantages of filing a PCT application are the delay in the national procedures, including delaying the respective fees and translation costs, and the streamlined filing process.

What happens if patent protection is shunned in a particular country, and that country turns out to be the very place where an infringer goes into production? Although you can't stop the infringer from making the products in that particular country, you can stop those products from being sold in any country where a patent exists.

For example, in the USA, you may enforce your U.S. patent with the US Customs Service and have the infringing products stopped at the port of entry.

Still it would be far preferable to stop the manufacture of the infringing products at their source. That is precisely the reason that the patent office in China is one of the fastest growing in the world. **(continued Pg. 5)**

## (International Patents, continued from Pg. 4)

Specifically, once the patent is granted, it is quite important for the products to be marked with the word "Patent" and the patent number. That gives you, the patent holder, additional rights against an infringer. If it is possible, products shipped into Germany, for example, should bear the German patent number. Products shipped into Japan should bear the Japanese patent number. If that kind of product and country specific designation is not possible, you should label the products with all applicable patent numbers. If that is just not feasible, then at least the US patent number should be displayed.

Keeping these simple strategies in mind will equip you with powerful rights to be employed in going global with the product. Perhaps even more importantly, they will keep you from inadvertently forfeiting potentially valuable rights as you expand your business internationally.

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## ibNEWS

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*Each month, we'll bring you the latest trend in new export orders and imports for the Heartland. Our exclusive index is the only real-time, leading economic indicator of changes in exports and imports.*

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## ibFLASH

Nebraska opens trade office in Tokyo.

Funding provided by public-private partnership between the Dept of Economic Development and University of Nebraska Medical Center, along with several Nebraska companies, including First National Bank, Oxbow Pet Products, and others.

Oklahoma 4<sup>th</sup> fastest growing state in exports in 2005.

And aerospace is one of its fastest growing sectors, 85% of which is comprised of small to medium-sized companies.

Iowa ranks first in soybean and feed grain exports.

The first state to sponsor a trade show for food grade soybeans in Japan. 3 Iowa State University soybean varieties were recently introduced in Japan to provide better quality and higher yields.

Kansas gives exporters international trade show assistance.

Companies can recoup up to half of their direct exhibition-related expenses with a cap of \$3500 per foreign expo.

South Dakota Trade Office Run By Seasoned Not-For-Profit

Most state international offices come under the state economic development office, but not South Dakota, where the service is offered by the S.D. International Business Institute, Joop Bollen, Director.

Arkansas Offers Mexico City Trade Office

Sandra Yatsko runs its Latin America trade office in Mexico City. She previously had served with the Canadian embassy there.

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