



July 17, 2001

Mr. David Anderson  
General Counsel  
Office of Legal Services  
Texas Education Agency  
1701 North Congress Avenue  
Austin, Texas 78701-1494

OR2001-3023

Dear Mr. Anderson:

You ask whether certain information is subject to required public disclosure under chapter 552 of the Government Code. Your request was assigned ID# 149527.

The Texas Education Agency (the "agency") received two requests for ADM security and validation procedures and databases being used by ADM course providers. Although you do not raise an exception to disclosure on behalf of the agency, you advise this office that the requested information may involve the proprietary or property interests of A Cool Defensive Driving Course, IDT, National Traffic Safety Institute of Texas, Inc., The DTA Program for Driver Improvement, All-Pro Defensive Driving Course, The Safe Driver Centre Course, USA Driver Safety Course, and Ticket Stop, L.P. You have submitted copies of letters notifying these companies about the request as required by section 552.305(d).<sup>1</sup>

USA Driver Safety Course ("USA") and IDT have submitted briefs claiming that their information constitutes trade secrets and requesting that the information not be released. Section 552.110(a) protects the property interests of private parties by excepting from disclosure trade secrets obtained from a person and privileged or confidential by statute or judicial decision. *See* Gov't Code § 552.110(a). A "trade secret"

may consist of any formula, pattern, device or compilation of information which is used in one's business, and which gives [one] an opportunity to obtain an advantage over competitors who do not know or use it. It may be

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<sup>1</sup>*See* Gov't Code § 552.305 (permitting interested third party to submit to attorney general reasons why requested information should not be released); Open Records Decision No. 542 (1990) (determining that statutory predecessor to Gov't Code § 552.305 permits governmental body to rely on interested third party to raise and explain applicability of exception in Public Information Act in certain circumstances).

a formula for a chemical compound, a process of manufacturing, treating or preserving materials, a pattern for a machine or other device, or a list of customers. It differs from other secret information in a business in that it is not simply information as to single or ephemeral events in the conduct of the business, as for example the amount or other terms of a secret bid for a contract or the salary of certain employees. . . . A trade secret is a process or device for continuous use in the operation of the business. Generally it relates to the production of goods, as for example, a machine or formula for the production of an article. It may, however, relate to the sale of goods or to other operations in the business, such as a code for determining discounts, rebates or other concessions in a price list or catalogue, or a list of specialized customers, or a method of bookkeeping or other office management.

RESTATEMENT OF TORTS § 757 cmt. b (1939); *see also Hyde Corp. v. Huffines*, 314 S.W.2d 763, 776 (Tex. 1958); Open Records Decision Nos. 255 (1980), 232 (1979), 217 (1978).

There are six factors to be assessed in determining whether information qualifies as a trade secret:

- (1) the extent to which the information is known outside of [the company's] business;
- (2) the extent to which it is known by employees and others involved in [the company's] business;
- (3) the extent of measures taken by [the company] to guard the secrecy of the information;
- (4) the value of the information to [the company] and to [its] competitors;
- (5) the amount of effort or money expended by [the company] in developing this information; and
- (6) the ease or difficulty with which the information could be properly acquired or duplicated by others.

RESTATEMENT OF TORTS § 757 cmt. b (1939); *see also* Open Records Decision No. 232 (1979). This office must accept a claim that information subject to the Act is excepted as a trade secret if a *prima facie* case for exemption is made and no argument is submitted that rebuts the claim as a matter of law. Open Records Decision No. 552 (1990). However, we cannot conclude that section 552.110(a) is applicable unless it has been shown that the information meets the definition of a trade secret and the necessary factors have been demonstrated to establish a trade secret claim. Open Records Decision No. 402 (1983).

USA and IDT argue that their security and course validation procedures were developed over years and at considerable expense. Both companies assert that very few people have knowledge of the security processes and that information regarding these procedures would be very valuable to their competitors. Based on these representations and our review of the submitted information, we conclude that USA and IDT have made *prima facie* showings that their information constitutes trade secrets. Accordingly, the agency must withhold USA's and IDT's information under section 552.110(a) of the Government Code.

As of the date of this letter, we have not received any comments from the other notified companies explaining why their requested information should not be released. *See* Gov't Code § 552.110(b) (to prevent disclosure of commercial or financial information, party must show by specific factual or evidentiary material, not conclusory or generalized allegations, that it actually faces competition and that substantial competitive injury would likely result from disclosure); Open Records Decision Nos. 552 at 5 (1990) (party must establish *prima facie* case that information is trade secret), 542 at 3 (1990). Therefore, we conclude that the agency must withhold USA's and IDT's information, but must release the remaining submitted information.

This letter ruling is limited to the particular records at issue in this request and limited to the facts as presented to us; therefore, this ruling must not be relied upon as a previous determination regarding any other records or any other circumstances.

This ruling triggers important deadlines regarding the rights and responsibilities of the governmental body and of the requestor. For example, governmental bodies are prohibited from asking the attorney general to reconsider this ruling. Gov't Code § 552.301(f). If the governmental body wants to challenge this ruling, the governmental body must appeal by filing suit in Travis County within 30 calendar days. *Id.* § 552.324(b). In order to get the full benefit of such an appeal, the governmental body must file suit within 10 calendar days. *Id.* § 552.353(b)(3), (c). If the governmental body does not appeal this ruling and the governmental body does not comply with it, then both the requestor and the attorney general have the right to file suit against the governmental body to enforce this ruling. *Id.* § 552.321(a).

If this ruling requires the governmental body to release all or part of the requested information, the governmental body is responsible for taking the next step. Based on the statute, the attorney general expects that, within 10 calendar days of this ruling, the governmental body will do one of the following three things: 1) release the public records; 2) notify the requestor of the exact day, time, and place that copies of the records will be provided or that the records can be inspected; or 3) notify the requestor of the governmental body's intent to challenge this letter ruling in court. If the governmental body fails to do one of these three things within 10 calendar days of this ruling, then the requestor should report that failure to the attorney general's Open Government Hotline, toll free, at 877/673-6839. The requestor may also file a complaint with the district or county attorney. *Id.* § 552.3215(e).

If this ruling requires or permits the governmental body to withhold all or some of the requested information, the requestor can appeal that decision by suing the governmental body. *Id.* § 552.321(a); *Texas Department of Public Safety v. Gilbreath*, 842 S.W.2d 408, 411 (Tex. App.--Austin 1992, no writ).

Please remember that under the Act the release of information triggers certain procedures for costs and charges to the requestor. If records are released in compliance with this ruling, be sure that all charges for the information are at or below the legal amounts. Questions or complaints about over-charging must be directed to Hadassah Schloss at the General Services Commission at 512/475-2497.

If the governmental body, the requestor, or any other person has questions or comments about this ruling, they may contact our office. Although there is no statutory deadline for contacting us, the attorney general prefers to receive any comments within 10 calendar days of the date of this ruling.

Sincerely,

Jennifer H. Bialek  
Assistant Attorney General  
Open Records Division

JHB/sdk

Ref.: ID# 149527

Enc.: Submitted documents

c: Mr. Gene Swarovski  
3707 Fifth Avenue, Suite 732  
San Diego, California 92103-4221  
(w/o enclosures)

Mr. Craig Buck  
Vice-President  
Square Peg Interactive, Inc.  
A Cool Defensive Driving Course  
15183 Encanto Drive  
Sherman Oaks, California 91403  
(w/o enclosures)

Mr. Bruce A. Stockard  
Passman & Jones, P. C.  
1201 Elm Street, Suite 2500  
Dallas, Texas 75270-2599  
(w/o enclosures)

Mr. Paul Hallums  
National Traffic Safety Institute of Texas, Inc.  
3432 Greystone, Suite 105  
Austin, Texas 78731  
(w/o enclosures)

Mr. Jeff Pairan  
The DTA Program for Driver Improvement  
129 South Kentucky Avenue, Suite 503  
Lakeland, Florida 33801  
(w/o enclosures)

Mr. Roberto J. Reyna  
President  
All-Pro Defensive Driving Course  
2007 East 7th Street  
Austin, Texas 78702  
(w/o enclosures)

Mr. Robert G. Torres Nin  
The Safe Driver Centre Course  
6817 Chimney Rock  
Bellaire, Texas 77401  
(w/o enclosures)

Mr. Terrence Kendall  
Kendall & Osborn  
515 Congress Avenue, Suite 1700  
Austin, Texas 78701-3503  
(w/o enclosures)

Ms. Michelle Pumphrey  
Ticket Stop, L. P.  
12941 North Freeway, Suite 518  
Houston, Texas 77060  
(w/o enclosures)