ATTORNEY GENERAL OF TEXAS
GREG ABBOTT

July 9, 2007

Mr. Hans P. Graff
Assistant General Counsel
Houston Independent School District
440 West 18th Street
Houston, Texas 77092-8501

OR2007-08609

Dear Mr. Graff:

You ask whether certain information is subject to required public disclosure under the Public Information Act (the "Act"), chapter 552 of the Government Code. Your request was assigned ID# 283450.

The Houston Independent School District (the "district") received a request for multiple specific proposals submitted to the district for various projects. Although the district takes no position as to the disclosure of the requested information, you state that it may contain proprietary information subject to exception under the Act. Accordingly, you state that the district notified Automated Computer Services ("ACS"), Data Projections, Inc. ("DPI"), Netsync Network Solutions ("NNS"), Tech Depot ("Tech"), and Troxell Communications, Inc. ("Troxell") of the request for information and of the right of each to submit arguments to this office as to why the requested information should not be released. *See* Gov't Code § 552.305(d); *see also* Open Records Decision No. 542 (1990) (statutory predecessor to section 552.305 permits governmental body to rely on interested third party to raise and explain applicability of exception in the Act in certain circumstances). ACS and DPI have responded to the notice and argue that some of the submitted information is excepted under section 552.110 of the Government Code. We have considered the submitted arguments and reviewed the submitted information.

An interested third party is allowed ten business days after the date of its receipt of the governmental body's notice under section 552.305(d) to submit its reasons, if any, as to why information relating to that party should be withheld from public disclosure. *See* Gov't Code § 552.305(d)(2)(B). As of the date of this letter, we have not received comments from

NNS, Tech, or Troxell explaining why their requested information should not be released. We thus have no basis for concluding that any portion of the requested proposal information constitutes these parties' proprietary information protected under section 552.110, and none of it may be withheld on that basis. *See* Gov't Code § 552.110; Open Records Decision Nos. 661 at 5-6 (1999) (to prevent disclosure of commercial or financial information, party must show by specific factual evidence, not conclusory or generalized allegations, that release of requested information would cause that party substantial competitive harm), 552 at 5 (1990) (party must establish *prima facie* case that information is trade secret), 542 at 3 (1990).

Section 552.110 protects: (1) trade secrets, and (2) commercial or financial information the disclosure of which would cause substantial competitive harm to the person from whom the information was obtained. *See* Gov't Code § 552.110(a)–(b). 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 id.* § 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 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.); Open Records Decision Nos. 552 at 2 (1990), 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;
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> (3) the extent of measures taken by [the company] to guard the secrecy of the information;
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> (4) the value of the information to [the company] and to [its competitors;
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> (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 Nos. 319 (1982), 306 (1982), 255 (1980), 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. ORD 552. 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). *See also* Open Records Decision Nos. 509 at 5 (1988) (because costs, bid specifications, and circumstances would change for future contracts, assertion that release of bid proposal might give competitor unfair advantage of future contracts was entirely too speculative), 319 at 3 (1982) (statutory predecessor to Gov't Code § 552.110 generally not applicable to information relating to organization and personnel, market studies, professional references, qualifications and experience, and pricing).

Section 552.110(b) protects "[c]ommercial or financial information for which it is demonstrated based on specific factual evidence that disclosure would cause substantial competitive harm to the person from whom the information was obtained[.]" Gov't Code § 552.110(b). This exception to disclosure requires a specific factual or evidentiary showing, not conclusory or generalized allegations, that substantial competitive injury would likely result from release of the information at issue. *Id.* § 552.110(b); ORD 661.

DPI and ACS each assert that some of their information constitutes a trade secret under section 552.110(a). DPI asserts that the names and contact information for references in its proposal and information that reflects its methods and processes are trade secrets pursuant to section 552.110(a). We note that the individuals whose identities DPI seeks to protect as references are employees of DPI's customers. As DPI does not seek to withhold the identities of its customers, we cannot conclude that the identities of the customers' employees are trade secrets for purposes of section 552.110(a). Further, we determine that DPI has failed to make a *prima facie* showing that the remaining information for which it asserts section 552.110(a) constitutes a trade secret. Next, ACS asserts that its bid proposals

include information about its "value added services" which are unique to its company and proposals. We determine that ACS failed to make a *prima facie* showing that any part of its information constitutes a trade secret. Accordingly, no part of ACS's information is excepted from disclosure under section 552.110(a).

DPI and ACS also each assert section 552.110(b). DPI asserts that the release of some of the information in its proposal would result in substantial competitive injury. Upon review, we determine that DPI has made only conclusory assertions, rather than a specific factual or evidentiary showing, that the release of the information it identifies would result in substantial competitive injury. Accordingly, no part of the information for which DPI asserts section 552.110(b) may be withheld on this basis. Further, we find that ACS has failed to demonstrate based on specific factual evidence that the disclosure of the information at issue would cause substantial competitive injury. Accordingly, no part of ACS's information is excepted from disclosure under section 552.110(b).

Section 552.136 of the Government Code states that "[n]otwithstanding any other provision of this chapter, a credit card, debit card, charge card, or access device number that is collected, assembled, or maintained by or for a governmental body is confidential."[1] Gov't Code § 552.136. The district must withhold the insurance policy numbers that we have marked under section 552.136.

We note that some of the submitted documents are copyrighted. A custodian of public records must comply with the copyright law and is not required to furnish copies of records that are copyrighted. Attorney General Opinion JM-672 (1987). A governmental body must allow inspection of copyrighted materials unless an exception applies to the information. *Id.* If a member of the public wishes to make copies of copyrighted materials, the person must do so unassisted by the governmental body. In making copies, the member of the public assumes the duty of compliance with the copyright law and the risk of a copyright infringement suit. *See* Open Records Decision No. 550 (1990).

In summary, the department must withhold the insurance policy numbers that we have marked pursuant to section 552.136. The remaining information must be released. The information that is subject to copyright must be released in accordance with that law.

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

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[1]The Office of the Attorney General will raise mandatory exceptions like section 552.136 of the Government Code on behalf of a governmental body, but ordinarily will not raise other exceptions. Open Records Decision Nos. 481 (1987), 480 (1987), 470 (1987).

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).

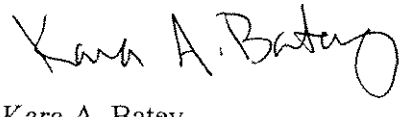
If this ruling requires the governmental body to release all or part of the requested information, the governmental body is responsible for taking the next step. Based on the statute, the attorney general expects that, upon receiving this ruling, the governmental body will either release the public records promptly pursuant to section 552.221(a) of the Government Code or file a lawsuit challenging this ruling pursuant to section 552.324 of the Government Code. If the governmental body fails to do one of these things, 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 Dep't of Pub. 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 Office of the Attorney General 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,



Kara A. Batey
Assistant Attorney General
Open Records Division

KAB/mcf

Ref: ID# 283450

Enc. Submitted documents

c: Mr. Marlies Meeker
ATT
6500 West Loop South, #5.2
Bellaire, Texas 77401
(w/o enclosures)

Mr. Frank H. Trifilio and Mr. Scott Blakenship
Analytical Computer Services
4550 Post Oak Place, Suite 119
Houston, Texas 77027
(w/o enclosures)

Ms. Alexia V. Gannon
Roach & Rowland, L.L.P.
4605 Post Oak Place, Suite 123
Houston, Texas 77027
(w/o enclosures)

Mr. Karim Hadchiti
Tech Depot
6 Cambridge Drive
Trumbull, Connecticut 06611
(w/o enclosures)

Ms. Diane Gonzales
Accountant Executive
Netsync Network Solutions
5821 Southwest Freeway, Suite 300
Houston, Texas 77057
(w/o enclosures)

Ms. Adela Briner
Account Executive
Troxell Communications, Inc.
2951 Marina Bay Drive, Suite 130
League City, Texas 77573
(w/o enclosures)