



ATTORNEY GENERAL OF TEXAS

GREG ABBOTT

March 19, 2009

Ms. Debbie Watson
County Auditor
Limestone County
200 W. State Street, Suite 301
Groesbeck, Texas 76642

OR2009-03616

Dear Ms. Watson:

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# 337606.

The Limestone County Auditor's Office (the "auditor") received a request for all proposals submitted to the auditor for inmate telephone services. You claim that portions of the submitted information are excepted from disclosure under section 552.110 of the Government Code. In addition, you state that release of the submitted information may implicate the proprietary interests of Encartele, Inc. ("Encartele"), Securus Technologies ("Securus"), Crown Correctional Telephone ("Crown"), and Infinity Networks ("Infinity"). Accordingly, you inform us, and provide documentation showing, that you notified the third parties of the request and of their right to submit arguments to this office as to why their information should not be released. *See* Gov't Code § 552.305(d) (permitting interested third party to submit to attorney general reasons why requested information should not be released); Open Records Decision No. 542 (1990) (statutory predecessor to section 552.305 permitted governmental body to rely on interested third party to raise and explain applicability of exception to disclosure under certain circumstances). We have received comments from Encartele, which claims the submitted information is excepted from disclosure under sections 552.104 and 552.110 of the Government Code.¹ We have considered the submitted arguments and reviewed the submitted information.

¹ Encartele claims its information is excepted from disclosure under section 552.101 of the Government Code in conjunction with section 552.110. This office has concluded section 552.101 does not encompass other exceptions found in the Act. *See* Open Records Decision Nos. 676 at 1-2 (2000), 575 at 2 (1990).

Initially, we note that 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 Securus, Crown, or Infinity explaining why the submitted information should not be released. On behalf of these companies, however, you assert that a portion of the submitted information may be excepted under section 552.110 of the Government Code. Although you assert that the submitted information is excepted under section 552.110 of the Government Code, we note that section 552.110 is designed to protect the interests of third parties, not the interests of a governmental body. Therefore, because we have received no arguments from these companies, the auditor may not withhold any of the submitted information relating to these companies under section 552.110 of the Government Code.

Encartele raises section 552.104 of the Government Code. This section excepts from disclosure "information that, if released, would give advantage to a competitor or bidder." Gov't Code § 552.104. However, section 552.104 is a discretionary exception that protects only the interests of a governmental body, as distinguished from exceptions which are intended to protect the interests of third parties. *See Open Records Decision Nos. 592 (1991) (statutory predecessor to section 552.104 designed to protect interests of a governmental body in a competitive situation, and not interests of private parties submitting information to the government), 522 (1989) (discretionary exceptions in general)*. As the auditor does not seek to withhold any information pursuant to this exception, none of the submitted information may be withheld on this basis.

The auditor and Encartele claim portions of the submitted proposal are excepted from disclosure under section 552.110 of the Government Code. 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. Gov't Code § 552.110(a), (b). Section 552.110(a) protects the proprietary 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. 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* ORD 232. 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).

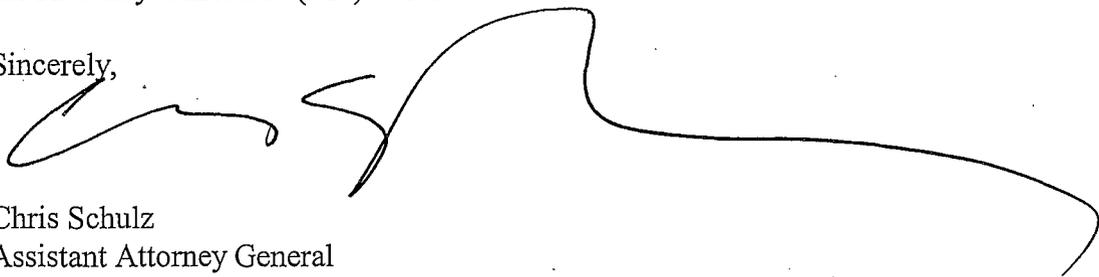
Section 552.110(b) protects “[c]ommercial or financial information for which it is demonstrated based on specific factual evidence that disclosure would cause substantial competitive harm to the person from whom the information was obtained[.]” Gov’t Code § 552.110(b). This exception to disclosure requires 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); *see also Nat’l Parks & Conservation Ass’n v. Morton*, 498 F.2d 765 (D.C. Cir. 1974); ORD 661.

Having considered the submitted arguments, we conclude Encartele has failed to demonstrate that any portion of its information at issue constitutes a trade secret. Thus, the auditor may not withhold any portion of Encartele's information under section 552.110(a) of the Government Code. We also find that Encartele failed to provide specific factual evidence demonstrating that release of any of the information at issue would result in substantial competitive harm to its interests. *See* Open Records Decision Nos. 661 (for information to be withheld under commercial or financial information prong of section 552.110, business must show by specific factual evidence that substantial competitive injury would result from release of particular information at issue), 319 at 3 (information relating to organization and personnel, professional references, market studies, qualifications, and pricing are not ordinarily excepted from disclosure under statutory predecessor to section 552.110), 175 at 4 (1977) (resumes cannot be said to fall within any exception to the Act). Accordingly, we determine that no portion of the information at issue is excepted from disclosure under section 552.110(b) of the Government Code. As the auditor and Encartele raise no further exceptions against disclosure, the submitted information must be released in its entirety.

This letter ruling is limited to the particular information 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 information or any other circumstances.

This ruling triggers important deadlines regarding the rights and responsibilities of the governmental body and of the requestor. For more information concerning those rights and responsibilities, please visit our website at http://www.oag.state.tx.us/open/index_orl.php, or call the Office of the Attorney General's Open Government Hotline, toll free, at (877) 673-6839. Questions concerning the allowable charges for providing public information under the Act must be directed to the Cost Rules Administrator of the Office of the Attorney General at (512) 475-2497.

Sincerely,



Chris Schulz
Assistant Attorney General
Open Records Division

CS/cc

Ref: ID# 337606

Enc. Submitted documents

cc: Requestor
(w/o enclosures)

Mr. Scott Moreland
Encartele, Inc.
P.O. Box 540547
Omaha, Nebraska 68154
(w/o enclosures)

Ms. Heather White
Securus Technologies
14651 Dallas Parkway, Suite 600
Dallas, Texas 75454
(w/o enclosures)

Mr. William Bartula
Crown Correctional Telephone
912 Ambling Way Court
Granbury, Texas 76049
(w/o enclosures)

Mr. Mo Mascarro
Infinity Networks
P.O. Box 30137
Austin, Texas 78755
(w/o enclosures)

Mr. Donald D. Peeler
Kutak Rock, L.L.P.
The Omaha Building
1650 Farnam Street
Omaha, Nebraska 68102-2186
(w/o enclosures)