



ATTORNEY GENERAL OF TEXAS  
GREG ABBOTT

November 5, 2008

Mr. Joel K.B. Winful  
Assistant District Attorney, Civil Division  
Dallas County District Attorney  
411 Elm Street, 5<sup>th</sup> Floor  
Dallas, Texas 75202

OR2008-15218

Dear Mr. Winful:

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# 327016.

The Dallas County Commissioner's Court and the Dallas County District Attorney's Office (collectively, the "county") received a request for six categories of information pertaining to a Request for Proposals to provide the county with inmate telephone services. Although you take no position on the applicability of the Act to the requested information, you state that release of the requested information may implicate the proprietary interests of several third parties. Accordingly, you have notified interested third parties of this request and of their right to submit arguments to this office as to why the requested information should not be released. *See* Gov't Code § 552.305(d); 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 submitted by a representative of one of the interested third parties, Public Communications Services, Inc. ("PCS"). We have also received comments submitted by the requestor. *See* Gov't Code § 552.304 (interested party may submit comments stating why information should or should not be released). We have considered the arguments submitted by PCS and reviewed the submitted information.

Initially, we note that the county only submitted one proposal for our review. As stated above, the requestor seeks several categories of information, including all proposals submitted in response to a Request for Proposals to provide the county with inmate telephone

services. Accordingly, to the extent it exists, we assume that you have released the remaining responsive information to the requestor. If not, you must do so at this time. *See* Gov't Code §§ 552.006, .301, .302; *see also* Open Records Decision No. 664 (2000) (noting that if governmental body concludes that no exceptions apply to requested information, it must release information as soon as possible).

Next, you acknowledge, and we agree, the county failed to request a ruling or submit any responsive information within the statutory time periods prescribed by sections 552.301(b) and 552.301(e) of the Government Code. *See* Gov't Code § 552.301(b), (e). Pursuant to section 552.302 of the Government Code, a governmental body's failure to comply with the requirements of section 552.301 results in the legal presumption the requested information is public and must be released, unless the governmental body demonstrates a compelling reason to withhold the information from disclosure. *See id.* § 552.302; *Hancock v. State Bd. of Ins.*, 797 S.W.2d 379, 381-82 (Tex. App.—Austin 1990, no writ) (governmental body must make compelling demonstration to overcome presumption of openness pursuant to statutory predecessor to section 552.302); Open Records Decision No. 319 (1982). A compelling reason exists when third-party interests are at stake or when information is confidential by law. Open Records Decision No. 150 (1977). In this instance, the third party interests of PCS can provide a compelling reason to overcome this presumption. Therefore, we will consider PCS' arguments as to whether the submitted proposal may be withheld under the Act.

PCS raises section 552.110 of the Government Code for specified portions of its submitted proposal. Section 552.110 protects the property interests of private parties by excepting from disclosure two types of information: (1) trade secrets obtained from a person and privileged or confidential by statute or judicial decision and (2) commercial 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.

The Texas Supreme Court has adopted the definition of trade secret from section 757 of the Restatement of Torts. *Hyde Corp. v. Huffines*, 314 S.W.2d 763 (Tex.), cert. denied, 358 U.S. 898 (1958); *see also* Open Records Decision No. 552 at 2 (1990). Section 757 provides that a trade secret is

any formula, pattern, device or compilation of information which is used in one's business, and which gives him 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 . . . . A trade secret is a process or device for continuous use in the

operation of the business . . . . [It may] 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). In determining whether particular information constitutes a trade secret, this office considers the Restatement's definition of trade secret as well as the Restatement's list of six trade secret factors. *Id.*<sup>1</sup> This office has held that if a governmental body takes no position with regard to the application of the trade secret branch of section 552.110 to requested information, we must accept a private person's claim for exception as valid under that branch if that person establishes a *prima facie* case for exception and no argument is submitted that rebuts the claim as a matter of law. ORD No. 552 at 5-6.

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); Open Records Decision No. 661 (1999).

PCS argues that a specified portion of its proposal should be withheld under section 552.110(a) as a trade secret. Upon review of the submitted arguments and documents, we find that PCS has failed to demonstrate how any information within its Biometric Solution

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<sup>1</sup>The Restatement of Torts lists the following six factors as indicia of whether information constitutes a trade secret:

- (1) the extent to which the information is known outside of [the company];
- (2) the extent to which it is known by employees and other 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 [its] competitors;
- (5) the amount of effort or money expended by [the company] in developing the information;
- (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 at 2 (1982), 306 at 2 (1982), 255 at 2 (1980).

meets the definition of a trade secret. Accordingly, the county may not withhold any information under section 552.110(a) of the Government Code. PCS also argues that its Biometric Solution and its financial statements should be withheld under section 552.110(b) of the Government Code. PCS explains that its biometric technology strategy is unique and that its release could cause it substantial competitive harm to PCS. Upon review, we agree that release of information showing how biometric technology is to be implemented by PCS would cause it substantial competitive harm. We have marked this information under section 552.110(b). PCS also explains that its financial statements reveal PCS' revenue and profit margins and that a competitor could use this information to calculate PCS' anticipated profit from a proposed contract. PCS argues that its competitors could then undercut its profit margins in order to improperly win a future contract. Based on these representations, we find that PCS has established how release of financial data within the submitted statements, which we have marked, would cause it substantial competitive harm. However, PCS has failed to demonstrate how release of the remaining information within the submitted statements would cause it substantial competitive harm. Accordingly, the county must only withhold the information we have marked under section 552.110(b) of the Government Code. The remaining information must be released to the requestor.

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 file suit in Travis County within 30 calendar days. *Id.* § 552.324(b). In order to get the full benefit of such a challenge, the governmental body must file suit within 10 calendar days. *Id.* § 552.353(b)(3). If the governmental body does not file suit over 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 challenge 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,



Reg Hargrove  
Assistant Attorney General  
Open Records Division

RJH/eeg

Ref: ID# 327016

Enc. Submitted documents

c: Ms. Janet Marshall  
Global Tel\*Link  
6612 East 75<sup>th</sup> Street, Fourth Floor  
Indianapolis, Indiana 46250  
(w/o enclosures)

Mr. Daniel McGuinn, Account Executive  
Securus Technologies  
14651 North Dallas Parkway, Suite 600  
Dallas, Texas 75254  
(w/o enclosures)

Ms. Susan Montague  
Consolidated Communications Public Services  
121 South 17<sup>th</sup> Street  
Mattoon, Illinois 61938  
(w/o enclosures)

Mr. Corby Kenter, Vice President/CFO  
Digital Solutions/Inmate Telephone, Inc.  
4200 Industrial Boulevard  
Altoona, Pennsylvania 16602  
(w/o enclosures)

Ms. Kate Connolly  
Unisys  
5700 South Mopac Expressway  
Austin, Texas 78733  
(w/o enclosures)

Mr. James M. McCown  
Nesbitt, Vassar, McCown, & Roden, LLP  
15851 Dallas Parkway, Suite 800  
Addison, Texas 75001  
(w/o enclosures)