



ATTORNEY GENERAL OF TEXAS

GREG ABBOTT

February 14, 2011

Mr. Ronald J. Bounds  
Assistant City Attorney  
City of Corpus Christi  
P.O. Box 9277  
Corpus Christi, Texas 78469-9277

OR2011-02160

Dear Mr. Bounds:

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# 408970.

The City of Corpus Christi (the "city") received a request for the proposals submitted in response to request for proposals #BI-0185-10, Employer-Sponsored Wellness Clinic. Although we understand you take no position as to whether the submitted information is excepted under the Act, you state release of this information may implicate the proprietary interests of third parties. Accordingly, you state, and provide documentation showing, you notified Care ATC, Inc. ("Care ATC"); Concerta Health Services, Inc. ("Concerta"); H2U Wellness Centers L.L.C. d/b/a First Onsite ("First Onsite"); Healthstat, Inc. ("Healthstat"); and Marathon Health, Inc. ("Marathon") of the request for information and of each company's right to submit arguments to this office as to why the submitted 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). We have received comments from Care ATC and First Onsite. We have considered the submitted arguments and reviewed the submitted information.

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, this office has not received

comments from Concerta, Healthstat, or Marathon explaining why each third party's submitted information should not be released. Therefore, we have no basis to conclude that these third parties have protected proprietary interests in their submitted information. *See id.* § 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. Accordingly, the city may not withhold any portion of Concerta's, Healthstat's, or Marathon's submitted information based upon the proprietary interests of these companies.

Next, Care ATC raises section 552.104 of the Government Code as an exception to disclosure for its proposal. This section excepts from disclosure "information that, if released, would give advantage to a competitor or bidder." Gov't Code § 552.104. Care ATC states it is "submitting similar proposals for two other Texas government entities and a Texas school district" and asserts release of its pricing information would "potentially jeopardize the agencies/instrumentalities, other than the [city], to which Care ATC is currently submitting proposals." We note, however, section 552.104 is a discretionary exception that protects only the interests of a governmental body, as distinguished from exceptions that 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). The city does not seek to withhold any information pursuant to section 552.104. Further, this office has not received any correspondence from other Texas governmental bodies seeking to withhold any information under section 552.104. Accordingly, the city may not withhold any portion of Care ATC's information on the basis of section 552.104.

We next consider Care ATC's and First Onsite's arguments against disclosure of their information 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 the 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 at 2. 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); ORD 661.

Having considered Care ATC’s and First Onsite’s arguments under section 552.110(a), we determine that both Care ATC and First Onsite have failed to demonstrate that any portion of their submitted information meets the definition of a trade secret, nor have these companies demonstrated the necessary factors to establish a trade secret claim for their information. We note that pricing information pertaining to a particular contract is generally not a trade secret because it is “simply information as to single or ephemeral events in the conduct of business,” rather than “a process or device for continuous use in the operation of the business.” *See* RESTATEMENT OF TORTS § 757 cmt. b (1939); *Hyde Corp. v. Huffines*, 314 S.W.2d at 776; Open Records Decision Nos. 319 at 3 (1982), 306 at 3 (1982). Accordingly, the city may not withhold any of Care ATC’s or First Onsite’s submitted information on the basis of section 552.110(a) of the Government Code.

Upon review of Care ATC’s and First Onsite’s arguments under section 552.110(b), we find that Care ATC and First Onsite have each established that some of their submitted information, which we have marked, constitutes commercial or financial information, the release of which would cause each company substantial competitive injury. Therefore, the city must withhold the information we have marked under section 552.110(b) of the Government Code. However, we find that Care ATC and First Onsite have made only conclusory allegations that the release of any of their remaining information would result in substantial damage to either companies’ competitive position. Thus, Care ATC and First Onsite have not demonstrated that substantial competitive injury would result from the release of Care ATC’s or First Onsite’s remaining information. *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), 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 on future contracts is too speculative). Further, we note First Onsite was the winning bidder. This office considers the prices charged in government contract awards to be a matter of strong public interest; thus, the pricing information of a winning bidder is generally not excepted under section 552.110(b). *See* Open Records Decision No. 514 (1988) (public has interest in knowing prices charged by government contractors); *see generally* Dep’t of Justice Guide to the Freedom of Information Act 344-345 (2009) (federal cases applying analogous Freedom of Information Act reasoning that disclosure of prices charged government is a cost of doing business with government). Further, the terms of a contract with a governmental body are generally not excepted from public disclosure. *See* Gov’t Code § 552.022(a)(3) (contract involving receipt or expenditure of public funds expressly made public); Open Records Decision No. 541 at 8 (1990) (public has interest in knowing terms of contract with

state agency). Accordingly, none of Care ATC's or First Onsite's remaining information may be withheld under section 552.110(b) of the Government Code.

We note portions of the remaining information consist of insurance policy numbers that do not belong to the requestor's company. 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."<sup>1</sup> Gov't Code § 552.136. Accordingly, we find the city must withhold the insurance policy numbers we have marked under section 552.136 of the Government Code.<sup>2</sup>

Finally, we note some of the remaining information is protected by copyright. A custodian of public records must comply with the copyright law and is not required to furnish copies of records that are copyrighted. Open Records Decision No. 180 at 3 (1977). A governmental body must allow inspection of copyrighted materials unless an exception applies to the information. *Id.*; see Open Records Decision No. 109 (1975). 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.

In summary, the city must withhold the information we have marked under sections 552.110(b) and 552.136 of the Government Code. The remaining information must be released, but any information protected by copyright may only be released in accordance with copyright law.

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

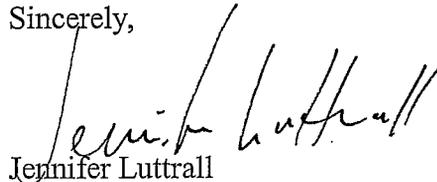
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<sup>1</sup>The Office of the Attorney General will raise a mandatory exception on behalf of a governmental body, but ordinarily will not raise other exceptions. Open Records Decision Nos. 481 (1987), 480 (1987), 470 (1987).

<sup>2</sup>We note this office issued Open Records Decision No. 684 (2009), a previous determination to all governmental bodies authorizing them to withhold ten categories of information, including insurance policy numbers under section 552.136 of the Government Code, without the necessity of requesting an attorney general decision. We also note the submitted information contains insurance policy numbers that belong to the requestor's company, to which the requestor has a right of access. If the city receives another request for this particular information from an individual that does not represent the requestor's company, then the city is authorized by Open Records Decision No. 684 to withhold the requestor's company's insurance policy numbers under section 552.136 of the Government Code without the necessity of requesting an attorney general decision.

responsibilities, please visit our website at [http://www.oag.state.tx.us/open/index\\_orl.php](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, toll free, at (888) 672-6787.

Sincerely,



Jennifer Luttrall  
Assistant Attorney General  
Open Records Division

JL/dls

Ref: ID# 408970

Enc. Submitted documents

c: Requestor  
(w/o enclosures)

Mr. Thomas J. Hutchison  
Gable Gotwals  
For Care ATC, Inc.  
100 West Fifth Street, Suite 1100  
Tulsa, Oklahoma 74103  
(w/o enclosures)

Mr. A. Michael McCollum - President  
Mr. John Battey - Vice President-Worksite Sales  
Concerta Health Services, Inc.  
5080 Spectrum, Suite 1200W  
Addison, Texas 75001  
(w/o enclosures)

Mr. Joe Michaels  
Winstead, P.C.  
For First Onsite  
600 Travis Street, Suite 1100  
Houston, Texas 77002  
(w/o enclosures)

Ms. Susan C. Kinzler - CFO & Executive Vice President  
Mr. Lee J. Knight - Vice President of New Business Development  
Healthstat, Inc.  
4601 Charlotte Park Drive, Suite 390  
Charlotte, North Carolina 28217  
(w/o enclosures)

Mr. Eric A. Schrupf  
Vice President of Sales  
Marathon Health, Inc.  
354 Mountain View Drive, Suite 300  
Colchester, Vermont 05446  
(w/o enclosures)