ATTORNEY GENERAL OF TEXAS

GREG ABBOTT

November 15, 2011

Ms. Andrea Sheehan and Ms. Elizabeth Donley Nelson
The Law Offices of Robert E. Luna, P.C.
4411 North Central Expressway
Dallas, Texas 75205

OR2011-16798

Dear Ms. Sheehan and Ms. Nelson:

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# 436186.

The Carrollton-Farmers Branch Independent School District (the "district"), which you represent, received a request for the top three proposals for Employee Assistance Program ("EAP") services, excepting the requestor's company's proposal, and a listing of all bidders, the prices submitted, and evaluation criteria scores for the EAP services proposals. You state you will release some of the requested information. Although you take no position with respect to the public availability of the remaining information, you state the proprietary interests of certain third parties might be implicated. Accordingly, you notified MHN Services, The Guardian Life Insurance Company of America, Hartford Life & Accident Insurance Company, Standard Insurance Company, Humana Specialty Benefits ("Humana"), Fort Dearborn Life Insurance Company, ComPsych Corporation, Connecticut General Life Insurance Company, United Healthcare of North Texas ("UnitedHealthcare"), Aetna Life Insurance Company, and Sun Life Assurance Company of Canada of the request and of their right to submit arguments to this office explaining why their information should not be released. *See* Gov't Code § 552.305 (permitting interested third party to submit to attorney general reasons why requested information should not be released); *see also* Open Records Decision No. 542 (1990) (determining statutory predecessor to section 552.305 permits governmental body to rely on interested third party to raise and explain applicability of exception in certain circumstances). We have received arguments submitted by

UnitedHealthcare and a representative of Humana. Thus, we have considered these arguments and reviewed the submitted information.

Initially, you inform us the district requested clarification of a portion of the request. *See* Gov't Code § 552.222(b) (governmental body may communicate with requestor for purpose of clarifying or narrowing request for information). You do not indicate the district has received a response to its request for clarification. Accordingly, the district has no obligation at this time to release any information that might be responsive to the portion of the request for which you sought clarification. However, if the district receives clarification and wishes to withhold any of the information encompassed by the clarified request, you must request another decision from this office at that time. *See id.* §§ 552.301, .302; *see also City of Dallas v. Abbott*, 304 S.W.3d 380 (Tex. 2010) (holding that when governmental entity, acting in good faith, requests clarification or narrowing of unclear or overbroad request for public information, ten-day period to request an attorney general ruling is measured from date request is clarified or narrowed).

Next, we note an interested third party is allowed ten business days after the date of its receipt of the governmental body's notice to submit its reasons, if any, as to why information relating to that party should not be released. *See* Gov't Code § 552.305(d)(2)(B). As of the date of this letter, we have only received arguments from UnitedHealthcare and Humana. Thus, none of the remaining third parties have demonstrated they have a protected proprietary interest in any of the submitted information. *See id.* § 552.110(a)-(b); 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 district may not withhold any of the submitted information on the basis of any proprietary interests the remaining third parties may have in the information.

Section 552.110 of the Government Code 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 trade secrets obtained from a person and privileged or confidential by statute or judicial decision. *Id.* § 552.110(a). The Texas Supreme Court has adopted the definition of trade secret from section 757 of the Restatement of Torts, which holds a trade secret to be:

> 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); *see also Hyde Corp. v. Huffines*, 314 S.W.2d 776 (Tex. 1958). 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.[1] This office must accept a claim that information subject to the Act is excepted as a trade secret if a *prima facie* case for the exception is made and no argument is submitted that rebuts the claim as a matter of law. *See* Open Records Decision No. 552 at 5 (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). We note 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 the business," rather than "a process or device for continuous use in the operation of the business." RESTATEMENT OF TORTS § 757 cmt. b (1939); *see also Huffines*, 314 S.W.2d at 776; Open Records Decision Nos. 255 (1980), 232 (1979), 217 (1978).

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.*; *see also* ORD 661 at 5.

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[1]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* Open Records Decision Nos. 319 at 2 (1982), 306 at 2 (1982), 255 at 2 (1980).

UnitedHealthcare and Humana argue that portions of the submitted information are protected as trade secrets under section 552.110(a) of the Government Code. Upon review, we find UnitedHealthcare and Humana have not demonstrated any of their respective information meets the definition of a trade secret, nor have they demonstrated the necessary factors to establish a trade secret claim. *See* RESTATEMENT OF TORTS § 757 cmt. b; ORD 402 (section 552.110(a) does not apply unless information meets definition of trade secret and necessary factors have been demonstrated to establish trade secret claim). Accordingly, the district may not withhold any of the submitted information under section 552.110(a) of the Government Code.

Humana and UnitedHealthcare also argue portions of the submitted information are protected under section 552.110(b) of the Government Code. Upon review, we find UnitedHealthcare's and Humana's pricing information, which we have marked, constitutes commercial or financial information, the disclosure of which would cause the companies substantial competitive harm. Accordingly, the district must withhold the information we have marked under section 552.110(b) of the Government Code. However, neither UnitedHealthcare nor Humana have demonstrated how any of the remaining information constitutes commercial or financial information, the disclosure of which would cause substantial competitive harm. Accordingly, the district may not withhold any of the remaining information on that basis.

Finally, UnitedHealthcare asserts, and we agree, that portions of the submitted information may be 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.

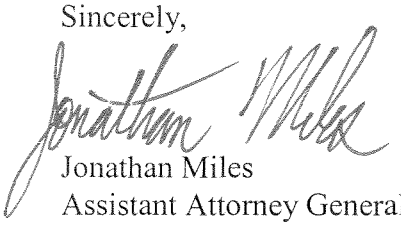
In summary, the district must withhold the information we have marked under section 552.110(b) of the Government Code. The remaining information must be released, but any copyrighted information may only be released in accordance with copyright law.

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 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, toll free, at (888) 672-6787.

Sincerely,



Jonathan Miles
Assistant Attorney General
Open Records Division

JM/em

Ref: ID# 436186

Enc. Submitted documents

c: Requestor
(w/o enclosures)

Ms. Juanell Hefner
MHN Services
2370 Kerner Boulevard
San Rafael, California 94901
(w/o enclosures)

Mr. James B. Graham
Standard Insurance Company
920 Southwest Sixth Avenue
Portland, Oregon 97204
(w/o enclosures)

Mr. Peter G. Trusz
AETNA Life Insurance Company
151 Farmington Avenue
Hartford, Connecticut 06156
(w/o enclosures)

Mr. Adam Easterday
OptumHealth
7632 Southwest Durham Road, #300
Tigard, Oregon 97224
(w/o enclosures)

Ms. Rachael K. Padgett
McGinnis, Lochridge & Kilgore, L.L.P.
600 Congress Avenue, Suite 2100
Austin, Texas 78701
(w/o enclosures)

Mr. Mike Hoefler
Sun Life Assurance Company of Canada
One Galleria Tower, Suite 1250
13355 Noel Road
Dallas, Texas 75240
(w/o enclosures)

Mr. David W. Toomey
CIGNA
1601 Chestnut Street
Philadelphia, Pennsylvania 19192
(w/o enclosures)

Ms. Victoria E. Fimea
Fort Dearborn Life Insurance Company
1020 31st Street
Downers Grove, Illinois 60515
(w/o enclosures)

Mr. Hal Binkley
The Guardian Life Insurance Company of America
1463 Dallas Parkway, Suite 100
Dallas, Texas 75254
(w/o enclosures)

Mr. Jason Lang
Hartford Life & Accident Insurance Company
200 Hopmeadow Street
Simsbuy, Connecticut 06089
(w/o enclosures)