



ATTORNEY GENERAL OF TEXAS
GREG ABBOTT

April 15, 2013

Ms. Kristi Ward
Associate General Counsel
UMC Health System
602 Indiana Avenue
Lubbock, Texas 79415

OR2013-06061

Dear Ms. Ward:

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# 483882.

The Lubbock County Hospital District d/b/a University Medical Center (the "district") received a request for contracts and related request for proposal responses concerning the district's purchase of certain specified software, services, and equipment. Although you take no position on the submitted information, you state it may contain proprietary information subject to exception under the Act. Accordingly, you state, and provide documentation demonstrating, the district notified certain third parties of the request for information and of the companies' rights to submit arguments to this office as to why the requested information should not be released.¹ *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 CareFusion, Inc. ("CareFusion"), Cerner Corporation ("Cerner"), Hill-Rom Company, Inc. ("Hill-Rom"), and QuadraMed Corporation ("QuadraMed"). We have considered the submitted arguments and reviewed the submitted information.

¹The notified third parties are: CareFusion, Inc.; Cerner Corporation; GE Healthcare IT; Hill-Rom Company, Inc.; IBM; InfoMagnetics Technologies USA Corporation; National Healthcare Distribution, Inc.; Premier Purchasing Partners, L.P.; and QuadraMed Corporation.

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 decision, we have only received correspondence from CareFusion, Cerner, Hill-Rom, and Quadra-Med. Thus, the remaining third parties have not demonstrated that 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 the submitted information on the basis of any proprietary interests the remaining third parties may have in the information.

Next, we note CareFusion objects to the disclosure of information the district has not submitted to this office for review. This ruling does not address information that was not submitted by the district and is limited to the information submitted as responsive by the district. *See* Gov't Code § 552.301(e)(1)(D) (governmental body requesting decision from Attorney General must submit copy of specific information requested).

CareFusion, Cerner, Hill-Rom, and QuadraMed raise section 552.110 of the Government Code for portions of their respective information. 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 id.* § 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. *Hyde Corp. v. Huffines*, 314 S.W.2d 763 (Tex. 1957); *see also* ORD 552 at 2. 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); *see also Huffines*, 314 S.W.2d at 776. 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.² RESTATEMENT OF TORTS § 757 cmt. b (1939). 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* ORD 552 at 5. 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.*; *see also* ORD 661 at 5-6 (business enterprise must show by specific factual evidence that release of information would cause it substantial competitive harm).

CareFusion, Cerner, Hill-Rom, and QuadraMed claim portions of their respective information constitute trade secrets. Upon review, we find CareFusion, Cerner, Hill-Rom, and QuadraMed have failed to demonstrate any of the information at issue meets the definition of a trade secret, nor have CareFusion, Cerner, Hill-Rom, and QuadraMed demonstrated the necessary factors to establish a trade secret claim for their information. 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). Accordingly, the district

²The 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).

may not withhold any of the submitted information at issue under section 552.110(a) of the Government Code.

CareFusion, Cerner, Hill-Rom, and QuadraMed also contend some of their information is commercial or financial information, release of which would cause substantial competitive harm to the companies. Upon review, CareFusion, Cerner, Hill-Rom, and QuadraMed have failed to provide specific factual evidence demonstrating release of the information at issue would result in substantial competitive harm to the companies. 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, like CareFusion, Cerner, and Hill-Rom, 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, we note 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, the district may not withhold any of the remaining information at issue under section 552.110(b) of the Government Code.

We note some 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. As no further exceptions to disclosure have been raised, the district must release the submitted information, 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 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,



Jennifer Burnett
Assistant Attorney General
Open Records Division

JB/tch

Ref: ID# 483882

Enc. Submitted documents

c: Requestor
(w/o enclosures)

c: Ms. Luaskya Nonon Ross
Corporate Counsel
Hill-Rom Company, Inc.
1225 Crescent Green, Suite 200
Cary, North Carolina 27518
(w/o enclosures)

Mr. Alex Mahaney
Vice President
CareFusion
3750 Torrey View Court
San Diego, California 92130
(w/o enclosures)

Ms. Amanda Brino
Corporate Counsel
QuadraMed Corporation
12110 Sunset Hills Road, Suite 600
Reston, Virginia 20190
(w/o enclosures)

Mr. Marc E. Elkins
Vice President
Cerner Corporation
2800 Rockcreek Parkway
Kansas City, Missouri 64117
(w/o enclosures)

Ms. Kristina Boudreault
Acting RFP Support Manager
GE Healthcare IT
540 West Northwest Highway
Barrington, Illinois 60010-3076
(w/o enclosures)

Mr. Russ Seacat
Area Representative
IBM
1503 Lyndon B. Johnson Freeway
Dallas, Texas 75234
(w/o enclosures)

Premier Purchasing Partners, L.P.
Legal Department
13034 Ballantyne Corporate Place
Charlotte, North Carolina 28277
(w/o enclosures)

Mr. Brett Schaeffer
National Healthcare Distribution, Inc.
8251 Mayfield Road, Suite 101
Chesterland, Ohio 44026
(w/o enclosures)

Mr. John Wieler
Vice President
InfoMagnetics Technologies USA Corporation
14-1320 Tower Road
Schaumburg, Illinois 60173
(w/o enclosures)