

Gibbons v. Ogden (1824)

Vocabulary

license Official document authorizing the holder to perform certain actions. An "exclusive license" grants authority to only one person or organization.

monopoly Situation in which a single individual or business controls an entire market, with little or no competition.

sue To take formal, legal action against someone in a court of law.

forfeit To be forced to give up something as a penalty or fine for breaking a law or rule.

jurisdiction Legal right of a court to act in a particular case.

interstate commerce Trade between people or businesses in different states; trade or business that crosses state lines.

Reviewing the Case

Aaron Ogden and Thomas Gibbons were competing steamship operators whose ships traveled the bays and rivers between New Jersey and New York City. Under a law passed in the New York legislature, Ogden had an "exclusive **license**," which in effect gave him the exclusive right to operate any vessel in those waters, if the vessel "be moved by means of fire or steam." The original owners of this **monopoly** were Robert Livingston and steamship designer Robert Fulton. An act passed in 1808 extended their exclusive right for a period not to exceed 30 years (that is, to 1838). They had transferred the license to John Livingston, who, in turn, had transferred it to Aaron Ogden.

Thomas Gibbons, a New Jersey resident, was operating his two ships, the *Stoudinger* and the *Bellona*, in the same waters. Ogden **sued** him in the trial court of New York and won. For Gibbons, this was a serious loss. The New York laws that gave Aaron Ogden exclusive navigation rights also provided that anyone violating the law would **forfeit** his ship. Gibbons therefore appealed the decision to the highest court in New York that had the **jurisdiction** to hear it. The appeal, like the original trial, ended in Ogden's favor. Gib-

bons was forbidden to operate his ships.

Gibbons was convinced that his right to navigate the waters between New York and New Jersey was clear and that his right had been taken from him unlawfully by the courts of New York. Before starting his business, Gibbons had obtained a license issued by the national government under the authority of a 1793 act of Congress. The license gave Gibbons the right to operate his ships in any coastal waters of the United States.

After losing in the state courts, Gibbons took his case to the United States Supreme Court. As Gibbons' attorney wrote in his statement to the Court, the process of the state courts had to be exhausted before the Supreme Court could act in the matter.

The battle between Gibbons and Ogden was not an isolated incident. Other states had passed similar laws, which had hampered the free exchange of goods from one state to another and caused resentment between neighbors in adjoining states.

The case clearly pointed up the conflict existing between laws passed by the legislature of the state of New York and the laws passed by the Congress of the United States. The issue before the Court: Do the laws passed by the New York legislature violate the Constitution of the United States by their attempt to regulate **interstate commerce** or are they permissible?

A further complication in the case was the strong feeling among southern states that to overturn the decision of the New York court in this case would destroy all state powers concerning commerce. This, the southern states concluded, would ultimately lead to a congressional right to eliminate the slave trade and eventually abolish slavery. There was a very real threat, then, that the South would feel obliged to resist such potential congressional power and withdraw from the Union.

Could the Court risk such a disastrous outcome or could it find some middle ground—one that would prevent state legislatures from passing laws that interfered with the

free exchange of goods and services between the states but would also keep the South in the Union?

The answer was found in the Court's definition of *commerce*. Was commerce to be defined simply as the exchange of goods and services or did commerce also include the transportation of those goods and services to be exchanged? Chief Justice John Marshall stated:

The mind can scarcely conceive a system for regulating commerce between nations, which shall exclude all laws concerning navigation, which shall be silent on the admission of vessels of the one nation into the ports of the other, and be confined to prescribing rules for the conduct of individuals, in the actual employment of buying and selling, or of barter.

The Court then broadened the definition of the word *commerce* to include transportation, thereby allowing the regulation of transportation as it is involved in the exchange of goods and services. By broadening the definition of commerce, the Court declared the regulation of transportation to be clearly within the "commerce power" of Congress, as stated in Article 1, Section 8, Clause 3.

Does the power of Congress to regulate commerce extend into the territory of the various states? Yes, it does. As Justice Marshall wrote:

The power of Congress, then, comprehends navigation within the limits of every state in the Union; so far as that navigation may be, in manner, connected with [in the

words of the Constitution] "commerce with foreign nations, or among the several states, or with the Indian tribes." It may, of consequence, pass the jurisdictional line of New York, and act upon the very waters to which the prohibition now under consideration applies.

The Constitution, the Court further pointed out, clearly states that national laws made in accordance with the Constitution are "the supreme law of the land," superior to conflicting state laws.

This decision placed the regulation of commerce across state boundaries clearly within the authority of the Congress. State laws that conflicted with this authority would not be permissible. That is, if an act of Congress gave Gibbons the right to sail on New York waters, a New York state law could not forbid him to do so. By settling the case in this way, the Court could keep the individual states from interfering in the conduct of trade by those living in other states. At the same time, the Court did not threaten the South by destroying all state powers concerning commerce. For the moment at least, the Court avoided a crisis over congressional interference in the slave trade.

The decision opened the door for the national government to pursue the expansion and growth of the national economy. By preventing state interference in the building of national roads, canals, and telegraph and railroad lines, the decision greatly enhanced the ability of the Congress to encourage and promote westward expansion and settlement.

Name _____ Date _____

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Elements of the Case

Directions: Fill in the appropriate information for each of the following elements of this case.

1. State the issue before the Supreme Court in this case.

2. What facts of the case were presented to the Court?

3. What was the decision of the Court? What was the rationale behind it?

4. What was the effect of the decision?

Name _____

Evaluation of the Case

Directions: Use your own judgment to evaluate the justices' decision and state your opinion about this case.

1. In your opinion, would the United States have grown into a major world power if it had not been able to establish a national economy, free from barriers imposed by individual state legislatures? Explain.

2. When deciding cases, should the Court concern itself with the possible consequences, such as the threatened southern secession during this case? Explain.

3. Who would control the power to regulate commerce in the United States if this decision or a subsequent decision like it had not occurred? Explain.
