

## **Gibbons v. Ogden (1824)**

**Argued:** February 5–9, 1824

**Decided:** March 2, 1824

### **Background and Facts**

Before the current United States Constitution, the states were governed by the Articles of Confederation. This system of government did not last very long because the federal (national) government had very little power compared to the states. One problem created by the Articles of Confederation was that states could control commerce, or trade, outside of their borders. This made trade between the states very difficult because states could impose taxes on goods from other states.

When the Constitution was written, the Framers wanted to fix this problem. They included the Commerce Clause in Article I, Section 8 of the Constitution. This part of the Constitution gives Congress alone the power to pass laws controlling interstate commerce. Interstate commerce is trade that occurs between two or more states rather than within one state. The Framers also added the Supremacy Clause. This part of the Constitution says that when a state law conflicts with federal law, the state law is struck down.

In 1808, New York granted a license to Robert Livingston and Robert Fulton that gave them the right to run boats (transport goods on the water) in New York waters for 30 years. No one else could run boats in New York waters during that time. In 1815, Aaron Ogden bought a franchise from Livingston and Fulton. This meant that Ogden was allowed to run boats in New York waters as long as he paid them a fee and gave them part of the money he earned. Ogden's business made money by carrying goods between New York and New Jersey.

Thomas Gibbons wanted to compete with Ogden. Gibbons got a license from Congress (not New York as Ogden did) allowing him to run his boat in New York waters. His business helped people travel between New York and New Jersey. Ogden sued in a New York state court to stop Gibbons from running his business in the same waters. He argued that the federal government did not have the power to be involved in how New York controlled its waters. Gibbons disagreed and said that moving people between New York and New Jersey was interstate commerce. The federal government, not New York, had the power to pass laws about interstate commerce. The New York state court found in favor of Ogden (who had the New York state license) and stopped Gibbons (who had the federal license) from running his boats. Gibbons asked the Supreme Court of the United States to hear his case, and it agreed.

### **Constitutional Question**

Does the Constitution's Commerce Clause give Congress the power to pass laws about interstate movement and to strike down any state laws that affect the interstate flow of people and goods?

**Arguments for Gibbons (petitioner)**

- The Commerce Clause gives Congress the power to pass laws affecting commerce between the states. Transportation between New York and New Jersey is a type of interstate commerce, so only Congress had the power to pass laws controlling it.
- One way Congress can control interstate commerce is by granting certain people the right to do business across state borders and into a state. This is what Congress did when it passed a law letting Gibbons run his boats between New York and New Jersey.
- The Supremacy Clause means that when state and federal laws disagree, the federal law is supreme, and the state law should be struck down.

**Arguments for Ogden (respondent)**

- Transporting goods and people between states is not interstate commerce because nothing is actually being bought or sold as the boat travels on the river.
- Congress’s power to pass laws about interstate commerce has limits. It is not allowed to pass laws about business within a state, including its waters.
- The Constitution gives the states the power to decide who can do business within the borders of a state. New York had the power to give Ogden a license to run his boats in New York waters.

**Decision**

In a **unanimous** decision, the Supreme Court agreed with Gibbons, ruling that the Commerce Clause gave Congress the power to control interstate commerce. This means that Congress had the power to give Gibbons the license.

The Court said that the word “commerce” meant many different activities. The Framers wanted to give Congress a lot of power over commerce and to give the states less power than they had under the Articles of Confederation. The Court said that the boats moving goods and people between New York and New Jersey was interstate commerce because it involves the exchange of money for a service over state lines. Congress had the power to pass laws controlling this activity.

Additionally, the Court said that the New York law about granting licenses for its waters was **unconstitutional**. This is because it disagreed with the Constitution which is a federal law. Under the Supremacy Clause, the federal law is superior to the state law when they disagree.

**Impact of the Case**

The decision in *Gibbons v. Ogden* was important because it helped to explain the power that Congress has under the Constitution’s Commerce Clause. This decision made Congress very powerful because of the wide range of activities that are “commerce.” This decision also limited state powers and made sure that federal law was more powerful. The Articles of Confederation failed because the federal government wasn’t very powerful, and *Gibbons v. Ogden* helped to make sure that the new

federal government had enough power to allow the Constitution to succeed. The Commerce Clause was even used to justify why the Civil Rights Act of 1964 could make it illegal for motels, restaurants, and other places to discriminate against customers based on race. It said that although the motels and restaurants are inside of one state, the people spending their money there are likely travelers who may be from other states making it interstate commerce. Today, Congress uses its Commerce Clause powers to pass lots of different laws about marijuana sales, gun shows, requirements for truck drivers, and more.

### **Glossary**

- **Articles of Confederation:** the original constitution of the United States. It was passed in 1781 but was replaced by the current U.S. Constitution in 1789.
- **Commerce:** the buying and selling of goods and services.
- **Commerce Clause:** the part of the Constitution saying that Congress has the power to pass laws about the buying and selling of goods and services between the states.
- **Federal:** the level of government that controls the United States as a whole rather than just a single state.
- **Franchise:** when a company gives another person the power to do business under the company's name in exchange for a fee and part of the profits.
- **Interstate commerce:** buying and selling of goods and services that occurs between two or more states rather than within the borders of a single state.
- **License:** a document from the government giving someone permission to do a certain thing.
- **Struck down:** when a law that conflicts with a federal law or the Constitution is voided or no longer has power.
- **Supremacy Clause:** the part of the Constitution that says that the Constitution and federal law are the supreme law of the land and superior to state law.
- **Unanimous:** a decision where all nine of the Supreme Court justices agree.
- **Unconstitutional:** not allowed by or contained in the Constitution. If a law is unconstitutional, it will be struck down, meaning it is no longer a law.

Additional information about *Gibbons v. Ogden*, including background at three reading levels, opinion quotes and summaries, teaching activities, and additional resources, can be found at <https://www.landmarkcases.org/>.

