

Gibbons v. Ogden (1824)

“. . . Few things were better known, than the immediate causes which led to the adoption of the present constitution . . . that the prevailing motive was to regulate commerce; to rescue it from the embarrassing and destructive consequences, resulting from the legislation of so many different States, and to place it under the protection of a uniform law.”

—Chief Justice John Marshall

Background Summary

The case of *Gibbons v. Ogden* (1824), decided 35 years after the ratification of the Constitution, was a key turning point for the expansion of federal power to address national problems.

Under the Articles of Confederation, the national government was virtually powerless to enact policies to rationalize the actions of states. One problem that emerged during this time was the way in which state policies tended to restrict commerce within and beyond their borders, making market exchanges inefficient and costly. In the Constitution, the framers included the Commerce Clause in Article I, Section 8 to address this issue. The Commerce Clause states that Congress has the power "[t]o regulate Commerce with foreign Nations, and among the several States. . . ." The hope was that giving Congress such a power would help to unify commerce policies thereby making market exchanges more efficient and less costly.

Though the clause clearly gave Congress some power over commerce, it was unclear just how much. It was also unclear what constituted commerce. The *Gibbons* case clarified some of these issues under a decision issued by Chief Justice John Marshall, who had nationalist intentions.

In 1808, Robert Fulton and Robert Livingston acquired a monopoly from the New York state legislature to operate steamboats on the state's waters. This monopoly extended to interstate waterways, those areas of water that stretch between states. Aaron Ogden held a Fulton-Livingston license to operate steamboats under this monopoly. However, Thomas Gibbons held a federal coasting license, granted under a 1793 Act of Congress, and operated steamboats between New Jersey and New York that competed with Ogden's.

Ogden filed a complaint in the Court of Chancery of New York asking the court to restrain Gibbons from operating his boats. Ogden's lawyer contended that states often passed laws on issues regarding interstate matters and that states should have fully concurrent power with Congress on matters concerning interstate commerce. The monopoly, therefore, should be upheld.

Gibbons' lawyer, Daniel Webster, argued that Congress had exclusive national power over interstate commerce according to Article I, Section 8 of the Constitution and that to argue otherwise would result in confusing and contradictory local regulatory policies. The Court of Chancery of New York found in favor of Ogden and issued an injunction to restrict Gibbons from operating his boats. Gibbons appealed the case to the Court of Errors of New York, which affirmed the decision. Gibbons appealed the case to the Supreme Court of the United States.

➤ Ruling of the Supreme Court of the United States

The Court reverses the decisions of the New York courts, citing the constitutional power of Congress, not the states, to regulate interstate commerce.