

# Chief Justice Marshall's Court & Cases

## ***Fletcher v. Peck* (1810)**

In *Fletcher v. Peck* (1810), the Supreme Court ruled that a grant to a private land company was a contract within the meaning of the Contract Clause of the Constitution, and once made could not be repealed. In addition to establishing a strict interpretation of the Contract Clause, the case marked the first time the Supreme Court struck down a state law on constitutional grounds.

The dispute in the case arose in 1795, when the Georgia legislature granted some 35 million acres of state land, involving vast tracts around the Yazoo River in what is now Alabama and Mississippi, to private speculators for the bargain price of 1.5 cents per acre. It was soon discovered that all but one of the legislators who voted for the grant had been bribed. In 1796, a new state legislature repealed the fraudulent grant; in 1800, John Peck purchased some land that was part of the 1795 grant, and in 1803, he sold 13,000 acres of it to Robert Fletcher for \$3,000. When Fletcher discovered the sale of the land had been voided by state law, however, he brought suit against Peck for damages, claiming Peck had lied to him in promising he had good title to the land. A federal circuit court ruled for Peck, and Fletcher appealed to the U.S. Supreme Court. The question before the Court was whether the act of 1796 (repealing the act of 1795) was a violation of Article I, Section 10 of the Constitution -- in other words, whether, once the state of Georgia had finalized the original sale of the land, it could constitutionally repeal that sale, or whether the Constitution prohibited it from doing so.

The Supreme Court, in a 4-1 decision written by Chief Justice John Marshall, ruled that Georgia had violated the Contract Clause of the Constitution when it repealed the grants. The Court conceded that the fraud underlying the grants was "deplorable," but it rejected Fletcher's argument that Georgia had the "sovereign power," as the agent of the people, to repeal this act of public corruption. The Court reasoned that Peck was an innocent third party who had entered into two valid contracts: first when he paid for the land from the original grantee, and second when he sold the land to Fletcher. Peck thus fell outside the original fraud the Georgia legislature sought to undo in its repeal. As Marshall put it, "When a law is in its nature a contract, when absolute rights have vested under that contract, a repeal of the law cannot divest those rights." Fletcher's suit against Peck was dismissed, and Georgia's law repealing the grants was struck down.

The Court's strict interpretation of the Contract Clause was modified 17 years later by the Taney Court in *Charles River Bridge v. Warren Bridge* (1837), but for nearly a century the decision served as a major barrier to state economic regulation of business corporations. In *Home Building & Loan Association v. Blaisdell* (1934), as a response to the massive economic dislocation of the Great Depression, the Court ruled that the state could constitutionally alter the terms of any contract so long as the alteration is rationally related to protecting the public's welfare.

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