

SooperKanoon - India's Premier Online Legal Search - sooperkanoon.com

Oklahoma Vs. Atchison, Topeka and Santa Fe Ry. Co.

Oklahoma Vs. Atchison, Topeka and Santa Fe Ry. Co.

SooperKanoon Citation : sooperkanoon.com/91106

Court : US Supreme Court

Decided On : Apr-03-1911

Appeal No. : 220 U.S. 277

Appellant : Oklahoma

Respondent : Atchison, Topeka and Santa Fe Ry. Co.

Judgement :

Oklahoma v. Atchison, Topeka & Santa Fe Ry. Co. - 220 U.S. 277 (1911)
U.S. Supreme Court Oklahoma v. Atchison, Topeka & Santa Fe Ry. Co., 220 U.S.
277 (1911)

Oklahoma v. Atchison, Topeka

& Santa Fe Railway Company

No. 13, Original

Argued February 23, 1911

Decided April 3, 1911

220 U.S. 277

BILL IN EQUITY

SYLLABUS

While the territorial condition lasts, the governmental power of Congress over a territory and its inhabitants is exclusive and paramount, except as restricted by the Constitution.

An act of Congress, regulating railway charges of a railway in a territory until a state government is formed and providing that thereafter such state shall have authority to regulate the charges ceases to be of force on the admission of such state into the Union, and thereafter the state can fix such charges subject only to the constitutional rights of the railway, and so *held* as to 1-4 of the Act of July 4, 1884, c. 179, 23 Stat. 73.

A state, in its corporate capacity, has no such interest in the rights of shippers as to entitle it to maintain an original action in this Court against the carrier to restrain it from charging unreasonable rates within its jurisdiction. *Louisiana v. Texas*, [176 U. S. 1](#) .

The original jurisdiction conferred by the Constitution on this Court does not include every cause in which the state elects to make itself a party to vindicate the rights of its people or to enforce its own laws or public policy against wrong done generally.

The facts, which involve the construction of the provisions of the Constitution of the United States conferring original jurisdiction on this Court in controversies in which a state is a party, are stated in the opinion.

Page 220 U. S. 282

MR. JUSTICE HARLAN delivered the opinion of the Court.

This is an original suit in this Court by the State of Oklahoma against the Atchison, Topeka & Santa Fe Railway Company, a corporation of Kansas.

The case as *made by the allegations of the bill*, in connection with acts of Congress and with the Constitution and laws of Oklahoma, is substantially as will be now stated.

The Treaty of April 30th, 1803, between the United States and France, by which the Territory of Louisiana was ceded to the United States, provided that the inhabitants of that territory should be incorporated into the Union and admitted as soon as possible, according to the principles of the federal Constitution, to the enjoyment of all the rights, advantages, and immunities of citizens of the United States, in the meantime to be maintained and protected in the free enjoyment of their liberty, property, and the religion they profess. Art. III. The State of Oklahoma was formed out of a part of this ceded territory.

By an Act of Congress of July 4th, 1884, the Southern Kansas Railway Company of Kansas was empowered to locate, construct, own, equip, operate, use, and maintain a railway, telegraph, and telephone line through the Indian Territory, over a specified route. The act forbade the company to charge

"the inhabitants of said territory a greater rate of freight than the rate authorized by the laws of the State of Kansas for services or transportation of the same kind,"

and provided that "passenger rates on said railway shall not exceed three cents per mile." And Congress expressly reserved the right to regulate the charges for freight and passengers on the railway as well as messages on telegraph and telephone lines,

"until a state government or governments shall exist in said territory,

Page 220 U. S. 283

within the limits of which said railway or a part thereof shall be located, and then such state government or governments shall be authorized to fix and regulate the cost of transportation of persons and freights within their respective limits by said railway."

Congress also reserved

"the right to fix and regulate at all times the cost of such transportation by said railway or said company whenever such transportation shall extend from one state into another, or shall extend into more than one state: *Provided, however,* That the rate of such transportation of passengers, local or interstate, shall not exceed the rate above expressed."

1, 4, c. 179, 23 Stat. 73, 74.

The above grant was accepted by the Southern Kansas Railway Company, and the road now controlled by the appellee, the Atchison, Topeka & Santa Fe Railway Company, in Oklahoma, is operated under that grant. The bill alleged

"that ever since the defendant company took over the operation of said line of railway under said grant, it had continuously violated the above condition, in that it has charged the inhabitants of said territory a greater rate of freight than that authorized by the laws of Kansas for services or transportation of the same kind,"

and that the company's tariffs of freight charges show in detail said excessive charges. After setting forth the rates charged in Oklahoma and Kansas, respectively, for carrying, for the same distances, lime, cement, plaster, brick, crude oil and refined oil, the bill proceeds:

"That the State of Oklahoma at this time has about two million inhabitants, is developing and building towns, villages, and individual farmhouses, and that lime, cement, plaster, brick, and stone are very essential to its growth; that at this time in the State of Oklahoma there are very large and extensive petroleum oil wells, and the manufacture or refining of the same is an industry continually growing in said state; that the transportation rates on crude and refined oil, lime, cement, plaster, brick, and stone are very

Page 220 U. S. 284

important and essential to the development of said state, and that the violation by said respondent of the said conditions of said grant is a menace to the future of said state."

The state further alleged that, if the defendant was permitted further to operate the railroad in violation of the condition of the grant, it would be a hindrance to the growth of the state, as well as an injury to the property rights of its inhabitants.

The relief asked was that the grant contained in the above act of Congress be cancelled and the property granted by it confirmed and decreed to be in the State of Oklahoma as *cestui que trust*; that the defendant be perpetually enjoined and restrained, and, pending the determination of this action, be enjoined and restrained, from charging the inhabitants of the State of Oklahoma a greater rate of freight than that authorized by the laws of Kansas for services or transportation of the same kind, and from charging "for lime, cement, plaster, brick, stone, crude and refined oil, the rates specified" in its tariff insofar as the same are greater than those authorized for like transportation by the laws of Kansas until the determination of this cause, and that, for the continual violation of the terms of the grant, it be perpetually enjoined and restrained from operating a railroad in the State of Oklahoma. The bill also contains a prayer for such further or different relief as may be required by the nature of the case, and be agreeable to equity and good conscience.

The railroad company filed a demurrer upon the ground that the bill did not show that the state was entitled to the relief asked, nor set forth any controversy between the state and the defendant within the original jurisdiction of this Court.

The difficulty in the way of granting the relief asked by the state is, in our judgment, insurmountable. The Act of 1884 appears to have had in view primarily the protection of the inhabitants of the Indian Territory from being

Page 220 U. S. 285

charged unreasonable rates by the railway company when using its right of way through that territory. Congress undoubtedly supposed that it would be safe at least for a time, to adopt as a test of the reasonableness of rates in Oklahoma, on domestic shipments, those which Kansas had prescribed as between its people and the corporation it had created; in other words, the inhabitants of the *territory*

were to have the same rights, in respect to railroad rates, as Kansas had prescribed for its corporations and people. But, that the railway company might not act unjustly towards the inhabitants of the territory, Congress reserved the right to regulate charges to be made by the railway company for freight and passengers transported on the railway in question. This, of course, Congress could have done without regard to any rates allowed by or in Kansas at any particular time, for, while the *territorial* conditions lasted, the governmental power of Congress over the territory and its inhabitants was exclusive and paramount, there being no restrictions upon the exercise of that power except such as were imposed by the supreme law of the land. It is to be observed, however, that the regulations prescribed by the Act of Congress were to exist and be in force

" *until a state* government or governments shall exist in said territory within the limits of which said railway or a part thereof shall be located, and *then* such *state* government or governments shall be authorized to fix and regulate the cost of transportation of persons and freights within their respective limits by said railway."

So, when Oklahoma was organized as a state and admitted into the Union "on an equal footing with the original states" (34 Stat. 267, 271, 4, pt. 1), the clause in the act of 1884 prescribing the Kansas rates as the test for rates that might be charged against the inhabitants of the territory necessarily ceased to be of any force in the state, and the whole subject of rates in domestic or local business passed under the full control of

Page 220 U. S. 286

the state in its corporate capacity, subject, of course, to the fundamental condition that it should authorize only such rates as were legal, and not inconsistent with the constitutional rights of the railway company. If, after Oklahoma became a state, the company still charged the Kansas rates on local business in Oklahoma, and if those rates would have been illegal under any state regulations, or were, in themselves, unreasonable and purely arbitrary, a controversy, in the constitutional sense, would have arisen between each shipper and the company which could have been determined by suit brought by the shipper in the proper state court, or

even in the proper federal court, where the controversy, by reason of the grounds alleged by the shipper, was one of which the latter court, under the statutes regulating the jurisdiction of the federal courts, could take judicial cognizance. But, plainly, the *state*, in its corporate capacity, would have no such interest in a controversy of that kind as would entitle it to vindicate and enforce the rights of a particular shipper or shippers, and, incidentally, of all shippers, by an original suit brought in its own name in this Court to restrain the company from applying the Kansas rates, as such, to shippers generally in the local business of Oklahoma. The opposite view must necessarily rest upon the ground that the Constitution, when conferring *original* jurisdiction on this Court "in all cases affecting ambassadors and other public ministers and consuls *and those in which a state is a party* " (Art. III, 1), intended to include any and every judicial proceeding of whatever nature which the state may choose to institute in this Court for the purpose of enforcing its laws, although the state may have no direct interest in the particular property or rights immediately affected or to be affected by the alleged violation of such laws. In the present case, the state seeks to enjoin the defendant company from charging more than the Kansas rates on the transportation of lime, cement,

Page 220 U. S. 287

plaster, brick, stone, crude and refined oil. But the state, as such, in its governmental capacity, is not engaged in their sale or transportation, and has no property interest in such commodities. It seeks only, as between the railway company and shippers, by a general, comprehensive decree to enforce certain rates and to compel the railway company to respect the rights of *all* of the people of Oklahoma who may have occasion to ship such commodities over the railway.

Upon this general subject, the case of *Louisiana v. Texas*, [176 U. S. 1](#) , is instructive. The State of Louisiana, by an original suit in this Court against the State of Texas, her governor and health officer, sought to restrain the latter state from enforcing by its officers certain quarantine regulations it had established, which Louisiana alleged were illegal and discriminative against it and injurious to the trade and business of its people, particularly interstate commerce as

conducted between New Orleans and Texas. There was a demurrer to the bill upon these grounds: 1. that, within the meaning of the Constitution of the United States, the controversy was not one between Louisiana and Texas; 2. that the controversy was between Texas or her officers and certain persons in Louisiana engaged in interstate commerce, and did not concern Louisiana as an aggregate, corporate body or state; 3. that, by the suit brought in this Court, Louisiana was only lending its name to certain individuals in New Orleans, who were the real parties in interest; 4. that it appeared from the face of the bill that

"the State of Louisiana, in her right of sovereignty, is seeking to maintain this suit for the redress of the supposed wrongs of her citizens in regard to interstate commerce, while under the constitution and laws the said state possesses no such sovereignty as empowers her to bring an original suit in this Court for such purpose;"

5. That

"no property right of the State of Louisiana is in any manner affected

Page 220 U. S. 288

by the quarantine complained of, nor is any such property right involved in this suit as would give this Court original jurisdiction of this cause."

This Court, speaking by Chief Justice Fuller, after referring to the provisions of the Constitution enumerating the cases and controversies to which the judicial power of the United States extended and of which the circuit courts of the United States could take original cognizance, and to numerous adjudged cases, said:

"In order, then, to maintain jurisdiction of this bill of complaint as against the State of Texas, it must appear that the controversy to be determined is a controversy arising directly between the State of Louisiana and the State of Texas, and not a controversy in the vindication of the grievances of particular individuals. . . . Inasmuch as the vindication of the freedom of interstate commerce is not committed to the State of Louisiana, and that state is not engaged in such

commerce, the cause of action must be regarded not as involving any infringement of the powers of the State of Louisiana, or any special injury to her property, but as asserting that the state is entitled to seek relief in this way because the matters complained of affect her citizens at large. Nevertheless, if the case stated is not one presenting a controversy between these states, the exercise of original jurisdiction by this Court as against the State of Texas cannot be maintained. . . . But, in order that a controversy between states, justiciable in this Court, can be held to exist, something more must be put forward than that the citizens of one state are injured by the maladministration of the laws of another. The states cannot make war or enter into treaties, though they may, with the consent of Congress, make compacts and agreements. When there is no agreement whose breach might create it, a controversy between states does not arise unless the action complained of is state action, and acts of state officers in abuse or excess of their powers cannot be laid

Page 220 U. S. 289

hold of as in themselves committing one state to a distinct collision with a sister state."

These doctrines, we think, control this case, and require its dismissal as not being within the original jurisdiction of this Court, as defined by the Constitution. Under a contrary view that jurisdiction could be invoked by a state's bringing an original suit in this Court against foreign corporations and citizens of other states, whenever the state thought such corporations and citizens of other states were acting in violation of its laws to the injury of its people generally or in the aggregate, although an injury, in violation of law, to the property or rights of particular persons through the action of foreign corporations or citizens of states, could be reached, without the intervention of the state, by suits instituted by the persons directly or immediately injured.

We are of opinion that the words in the Constitution conferring original jurisdiction on this Court in a suit "in which a state shall be a party" are not to be interpreted as conferring such jurisdiction in every cause in which the state elects to make

itself strictly a party plaintiff of record, and seeks not to protect its own property, but only to vindicate the wrongs of some of its people, or to enforce its own laws or public policy against wrongdoers generally.

Other questions of interest and importance have been elaborately discussed by counsel, but we deem it unnecessary to extend this opinion by an examination of them. What had been said is quite sufficient to show that the demurrer is well taken, and that the bill must, in any event, be dismissed for want of jurisdiction in this Court to entertain it by original suit on behalf or in the name of the state.

Dismissed.

SooperKanoon - India's Premier Online Legal Search - sooperkanoon.com