Flanagan Vs. Federal Coal Co.

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Court : US Supreme Court

Decided On : Mar-02-1925

Appeal No. : 267 U.S. 222

Appellant : Flanagan

Respondent : Federal Coal Co.

Judgement :

Flanagan v. Federal Coal Co. - 267 U.S. 222 (1925)
U.S. Supreme Court Flanagan v. Federal Coal Co., 267 U.S. 222 (1925)

Flanagan v. Federal Coal Company

No. 75

Argued October 15, 1924

Decided March 2, 1925

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CERTIORARI TO THE SUPREME COURT

OF THE STATE OF TENNESSEE

SYLLABUS

1. A contract of sale between two coal dealers for delivery of coal by the one to the other in car load lots, f.o.b. cars at the mine where produced, is a transaction in interstate commerce not subject to be invalidated by a license law of the state if the buyer, though entitled to stop the coal when so delivered, in practice buys it for shipment to his customers in other states and procures such shipment by orders under which the seller takes bills of lading, in the buyer's name, from the railroad at the mine and consigns the coal to such customers. *Dahnke-Walker Co. v. Bondurant,* 257 U. S. 282 . P. 267 U. S. 225 .

Reversed.

Certiorari to a judgment of the Supreme Court of Tennessee which affirmed a judgment against the petitioner in his action for breach of a contract to purchase coal.

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MR. JUSTICE HOLMES delivered the opinion of the Court.

This is a suit for breach of a contract to purchase coal. The only question here is whether the state Courts erred in holding that the plaintiff (Flanagan, the petitioner) could not recover for an undeniable breach because, at the time when the defendant, the Federal Company, refused to accept the coal, the plaintiff's license as a coal dealer had

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expired. The plaintiff says that the transaction was interstate commerce, and therefore not subject to such regulation by state laws.

The contract was made on August 19, 1920, and bound the plaintiff to deliver and defendant to accept approximately two hundred cars of Tracy City run of mine coal at nine dollars per ton f.o.b. cars mines, *i.e.,* at Tracy City, Tennessee.

Shipments to be approximately fifty cars per month. Time, September 1, 1920, to December 31, 1920. Payments to be made weekly for coal shipped in previous week. The Federal Coal Company bought to sell again. It did not receive the coal itself, but gave orders to Flanagan, who took bills of lading from the Railroad Company at Tracy City in the name of the Federal Coal Company and consigned the coal to that Company's customers in other states as directed. The Company usually did not sell in Tennessee. It broke off its contract because the price of coal went down and, as it said, its customers refused to keep to their bargains in their turn.

There was some discussion below to show that Flanagan also bought this coal as a dealer, and so was subject to the law in respect of this transaction. But, for the present purpose, it is immaterial how he came by what he sold. For if he was engaged in interstate commerce, he could not be impeded because he was a dealer any more than if he was selling from his own mine. It was understood between the parties that these dealings were steps in sending coal from the mines to purchasers in other states. Very likely the Federal Coal Company might have stopped the coal at Tracy City in Tennessee, but it had no thought of doing so, and Flanagan understood the course of business in which he was expected to cooperate and did cooperate. Therefore in this matter the parties were engaged in interstate commerce, and the state law, even if valid as a tax, could not invalidate their contract. *Dahnke-Walker Milling Co. v. Bondurant,* 257 U. S. 282 ,

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257 U. S. 290 ; *Lemke v. Farmers' Grain Co.,* 258 U. S. 50 ; *A.G. Spalding & Bros. v. Edwards,* 262 U. S. 66 , 262 U. S. 69 -70. We see no sufficient reason for believing that the decision would have been the same if the state Court had regarded the transactions as interstate commerce, and therefore its decision must be reversed.

Judgment reversed.