
Dartmouth College v. Woodward (1824)

Vocabulary

charter A written document issued by a government or other authority, giving the holder the right to establish an organization such as a company or colony.

trustees Group of people named or elected to manage an organization, such as a college.

contract A legally binding agreement between two or more individuals or organizations.

dissent To disagree with the majority opinion of the majority of justices on the Court.

Reviewing the Case

In 1754, Eleazar Wheelock, an educator and popular preacher in colonial New England, established a school to teach Christianity and educate both white settlers and the local Native Americans. After inspiring success, Wheelock decided to expand. He solicited donations from people in England and was given a grant of land on the Connecticut River in western New Hampshire. He and other settlers, with about 30 students, founded a town and began Dartmouth College.

In 1769, Dartmouth College received a **charter** from King George III of England. The charter gave twelve **trustees** full power to govern the college, administer the funds, hire professors, direct the course of study, and fill vacancies in their ranks. The charter provided that the college corporation should always continue under twelve trustees.

In June 1816, the New Hampshire legislature passed an act to abandon the old charter, reorganize Dartmouth College, and make it a state-run university. It planned to add more trustees who would be appointed by the state governor. The legislature passed two additional acts later in the year to put the act into effect.

Most of the college trustees rebelled against this action. With the support of some

professors and most of the students, they continued to operate privately. They then sued William Woodward, secretary-treasurer of the trustees who had joined the new school, to regain control of their corporate papers, the school seal, and other documents. The suit questioned whether the state law was constitutional.

New Hampshire's state supreme court ruled against Dartmouth College. It said that the school had changed, becoming public, and so belonged under state control. The question then went to the Supreme Court of the United States. The issue before the Court: Did the acts of the state legislature, placing Dartmouth College under state control, violate the U.S. Constitution?

Constitutionality was an issue because one goal of the framers of the U.S. Constitution was to protect private property from the state governments. For this reason, Article I, Section 10, includes what is known as the "**contract** clause." It specifically limits the actions of state governments: "No state shall . . . pass any . . . law impairing the obligation of contracts."

The Dartmouth College case was first argued before the Court in 1818 but was not decided until the following term. Daniel Webster, a well-known lawyer and orator who was a Dartmouth alumni, represented the college. Arguing for the school's rights, Webster said: "It is a small college and yet there are those who love it."

With one **dissenting** vote, the Court ruled that the legislature acted unlawfully when it took control of the college, violating Article I of the Constitution. Chief Justice John Marshall, who favored the college's point of view, wrote the opinion of the Court:

It can require no argument to prove that the circumstances of this case constitute a contract. An application is made to the crown [the English king] for a charter to incorporate a religious and literary institu-

tion. In the application, it is stated that large contributions have been made for the object, which will be conferred on the corporation soon as it shall be created. The charter is granted, and on its faith the property is conveyed. Surely in this transaction every ingredient of a complete contract is to be found. . . .

According to this decision, a corporate charter was considered to be a contract and so could not be broken by acts of a legislature. The Court noted that the American Revolution had simply shifted the duties and powers of government from the king to the people of New Hampshire. Property rights and contract rights had not been affected. Marshall added:

The obligations, then, which were created by the charter to Dartmouth College, were the same in the new [state government] that they had been in the old government.

Marshall found that the New Hampshire law destroyed the charter by taking the funds and control of the college from the trustees and giving them to the state government. He wrote:

The charter of 1769 exists no longer. It is reorganized; and reorganized in such a manner as to convert a literary institution, molded according to the will of its found-

ers, and placed under the control of private literary men, into a machine entirely subservient to the will of government. This may be for the advantage of this college in particular . . . but it is not according to the will of the donors, and is subversive of that contract on the faith of which their property was given.

The Court reversed the state court's decision, ordered the documents returned to the trustees, and instructed the state to pay the trustees \$20,000 in damages, along with legal fees and court costs.

The Dartmouth College case decision was considered a positive step for the national economy and for all private corporations. It guaranteed the protection of all types of contracts from government actions.

Also in this decision, Chief Justice Marshall gave a definition of a corporation that became a classic in law:

A corporation is an artificial being, invisible, intangible, and existing only in contemplation of law. Being the mere creature of law, it possesses only those properties which the charter of its creation confers upon it, either expressly or as incidental to its very existence. These [properties] are such as are supposed best calculated to effect the object for which it was created. Among the most important are immortality and . . . individuality.

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Elements of the Case

Directions: Fill in the appropriate information for each of the following elements of this case.

1. State the issue before the Supreme Court in this case.

2. What facts of the case were presented to the Court?

3. What was the decision of the Court? What was the rationale behind it?

4. What was the effect of the decision?

Evaluation of the Case

Directions: Use your own judgment to evaluate the justices' decision and state your opinion of that decision.

1. Why do you think the framers of the Constitution specifically denied state governments the right to interfere with legally-made contracts? Explain.

2. In your opinion, should the American Revolution and the end of English rule have broken the contract made originally between the King and the trustees? Explain.

3. What do you think the effect would have been on others who owned property, by way of a charter or contract, if the decision had gone against the trustees?
