

**BRIEF OF THE LAW ON  
BEHALF OF DEFENDANTS  
STANDARD OIL  
COMPANY AND OTHERS**

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Brief of the Law on Behalf of Defendants Standard Oil Company and others by John G. Johnson  
& John G. Milburn

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**JOHN G. JOHNSON & JOHN G. MILBURN**

**BRIEF OF THE LAW ON  
BEHALF OF DEFENDANTS  
STANDARD OIL  
COMPANY AND OTHERS**



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**Circuit Court of the United States**

**For the Eastern Division of the Eastern  
District of Missouri.**

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UNITED STATES OF AMERICA

*vs.*

STANDARD OIL COMPANY AND OTHERS.

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**Brief of the Law on Behalf of Defendants  
Standard Oil Company and others.**

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JOHN G. JOHNSON,  
JOHN G. MILBURN,  
*Of Counsel.*

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## Circuit Court of the United States

FOR THE EASTERN DIVISION OF THE  
EASTERN DISTRICT OF MISSOURI.

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UNITED STATES OF AMERICA

VS.

STANDARD OIL COMPANY and  
others.

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### **BRIEF FOR STANDARD OIL COM- PANY AND OTHERS.**

#### **The Theory of the Bill.**

The gravamen of the bill is an alleged conspiracy to restrain and monopolize the trade and commerce in petroleum and its products among the States and Territories of the United States, the District of Columbia, and foreign nations, in which Mr. John D. Rockefeller, Mr. William Rockefeller, Mr. Henry M. Flagler and others



1870 with a capital stock of \$1,000,000, to take over the businesses of Rockefeller & Andrews, William Rockefeller & Company and Rockefeller & Company, located at Cleveland, Ohio, and New York City. This company, so it is alleged, acquired during the years 1871, 1872 and 1873 all the competing refineries in Cleveland, Ohio, excepting three or four, the owners of which were forced to sell by their inability to compete with it owing to the rebates and preferential rates which it obtained from the railroad companies. (p. 13).

The names of a large number of companies, partnerships and individuals engaged in the oil business at various times during this period are given, and it is alleged that they and others formed associations and entered into agreements, combinations and conspiracies between themselves, to fix the price of crude oil, and limit its production, to fix the price of the products of crude oil and limit their production, and to suppress competition and monopolize the trade. The only specific instance mentioned is an agreement of December 19th, 1872, between two associations, one known as the Petroleum Producers Association



and the other the Petroleum Refiners Association (p. 18). This agreement is Exhibit 1. (pp. 195-197).

It is alleged that the individuals engaged in the conspiracy acquired during this period by the sale of stock interests in the Standard Oil Company of Ohio interests in the stocks and businesses of many of the concerns previously mentioned, and through these interests and agreements with other refiners controlled in the latter part of the period more than 90 per cent. of the oil business, and were enabled to do so and crush and limit competition by means of rebates and preferential rates obtained from railroads, particularly the Pennsylvania Railroad, the New York Central and Hudson River Railroad, with its connection the Lake Shore and Michigan Southern Railroad, the Erie Railway, with its connection the Atlantic and Great Western Railway, the Jersey Central Railroad, the Reading, and the Baltimore and Ohio. (pp. 19, 20, 21).

Then follows a specification of various contracts with railroad companies which are alleged to have had this effect, as follows :

(a) The organization of the South Improve-

ment Company in January, 1872, and the contract between it and various railroad companies. (pp. 21-25. Contract Exhibit 2, pp. 198-207).

(b) Leases or agreements between 1874 and 1877 for the control of the terminal facilities of the various railroad companies for unloading, storing and handling oil at Jersey City, New York, Baltimore and Philadelphia. (pp. 25-28; contracts with the Erie Railway, Exhibits 3 and 4, pp. 208-216; contract with the N. Y. C. & H. R. R. Co. and the Lake Shore Company, pp. 217-219).

(c) A pooling contract between the railway companies of October 1, 1874, with its provision for drawbacks to refiners of crude oil and shippers of crude oil to the seaboard. (pp. 28-30; agreement Exhibit 6, pp. 220-226).

(d) A contract of October 17, 1877, between the Pennsylvania Companies and the Standard Oil Company whereby the Standard Oil Company agreed to arrange its shipments by the various railroads to maintain their proportions of the traffic as fixed by an agreement between the railroad companies, and to guarantee a minimum of oil traffic, for which it was to receive a commission of ten per cent. of the rates on its

own shipments. It is alleged that there was a similar contract with the New York Central and Erie Companies. (pp. 31, 32; Exhibit 7, pp. 227-229).

(e) Contracts between the American Transfer Company, a pipe line company, and the New York Central, Erie and Pennsylvania Companies, whereby the railroad companies agreed to pay to the Transfer Company twenty cents a barrel on all crude oil carried by the railroads. (pp. 33, 34; contract with Pennsylvania Company, Exhibit 8, pp. 231-233; contract with the Erie Railway Company, Exhibit 9, pp. 234, 235).

(f) An allowance by the railroad companies during the years 1877 and 1878 of an additional fifteen cents per barrel on shipments of crude oil by the Standard Oil Company and its allied interests. (p. 35).

It is further alleged that in 1879 separate suits were brought by the State of Pennsylvania against the Pennsylvania Railroad Company and other railroad companies, and against the United Pipe Lines Company, to oust them from their franchises in Pennsylvania because of these contracts or some of them; which suits were adjusted by a contract between the Standard