

In my opinion, I believe Clayton should win the case against Waterworks inc. assuming he pays municipality taxes. Taxes form a sort of contract with the municipality where, as a result of paying them, you get access to service provided by the government such as those offered by the fire department in case their services are needed (performance for a promise). This is an obligatory contract (as you cannot decide not to pay taxes). In turn the municipality had a contract with Waterworks Inc. about the delivery of high pressured water to the fire hydrants in return for money (performance for a performance). As described in the case, Waterworks Inc. defaulted on the contract causing damages to Clayton. Due to this triangular relationship, Clayton is able to sue Waterworks Inc. to recover the damages he incurred as the result of the burning down of his house.

It is likely this case will be won by Clayton as it is similar to the motorcycle example presented in the lectures. However, if Waterworks Inc. is unable to pay the damages, Clayton cannot sue the municipality as they upheld their end of the bargain (the firemen turned up in time). The municipality can also sue Waterworks Inc. as the problem puts all citizens of Cambridge in danger.