Abstract—This paper studies the learning of equilibria in adversarial situations when players may have misperceptions about the game they are involved in with their opponents. We use the concept of high-level hypergames to model these scenarios. By drawing connections with the theory of ordinal potential games, we establish that players in a hypergame can individually learn their perceived equilibria using any improving adjustment scheme. We investigate how players can incorporate the information gained from observing the opponents' actions by updating different levels of her perception. We introduce high-level perception updating algorithms for resolving inconsistencies in perception using self-blaming or opponent-blaming strategies. Finally, we establish that when all players are rational and have perfect observation about past outcomes, repeated play converges to an equilibrium.

I. INTRODUCTION

In adversarial situations, imperfect or incomplete information may lead to misperception about the opponent’s true intentions. Imperfect information refers to the fact that players may only partially observe the actions taken by other players. Incomplete information refers to the fact that the true payoffs of the opponents may be only partially known to the players. In this paper, we deal with a special class of games of incomplete information called hypergames. Our goal is to study learning of equilibria and analyze the dynamics of the repeated play of hypergames, when players are rational, perfectly observe the actions taken by other players, and use their perceptions to select their actions.

Literature review: The notion of hypergame goes back to [1] and is mostly used in the context of conflict analysis [2], [3]. The benefit of using hypergames lies in the capability to model the perceptions of individual players. Hypergames are particularly useful in scenarios where players are absolutely certain about their opponents’ perceptions, while these certainties may be mutually inconsistent. In a hypergame, players can have different levels of perception about their opponents’ game, in the sense that they might have perceptions about the opponents’ preferences or about what the opponents think about their preferences and so on.

In game theory, learning typically refers to the synthesis and analysis of equilibria, used introspectively by a player presuming that the opponent is using a certain strategy. Players are, instead, playing a game when they individually make decisions about their next action based on their perception of the game state and the strategy they have chosen to follow. The literature on learning is vast (we refer the interested readers to [4], [5] and references therein). In most of the existing learning methods, it is assumed that complete information is available when players learn the equilibria. These equilibria can be different from the outcome of actually playing the game if players have misperceptions about the payoffs of the opponents or when the opponents use a strategy different from the one used to learn the equilibria. Learning has also been studied in the framework of Bayesian games, see [5], [6], where games of incomplete information are studied as games of imperfect information. To our knowledge, with a few exceptions [7], [8], learning strategies and their convergence have not been formally studied in the framework of hypergames. In particular, we are interested in characterizing the properties that make a strategy successfully converge to equilibria, and the features enjoyed by these equilibria.

Statement of contributions: Our contributions pertain to the learning of equilibria when players reason introspectively about the hypergame and to the convergence to equilibria when players play repeatedly, observe the opponents’ actions, and update their perceptions. Regarding learning, we show that players can learn the equilibria using any improving adjustment scheme, i.e., any strategy in which players take a feasible action if it improves their payoff. Our technical approach is based on studying the graph-theoretic properties of H-digraphs, a concept that captures the stability properties of hypergames. Specifically, we show that the H-digraph associated to the perceived game of each player contains no weak improvement cycle. This observation draws an interesting analogy with ordinal potential games, and plays an instrumental role in deriving the contributions on convergence to equilibria. Regarding the repeated play of hypergames, we introduce the high-order perception update algorithm, which prescribes how players employ the information obtained by observing the opponents’ actions to update their perceptions. We show that players may run into inconsistencies in their perceptions and, based on their understanding of the opponents, can use self-blaming or opponent-blaming strategies to make them consistent. We demonstrate that the repeated play of the hypergame defines a dynamical system in the space of outcomes which converges to an equilibrium if players are rational, are able to perfectly observe past outcomes, and use the high-order perception update algorithm.

II. PRELIMINARIES

We denote the set of real numbers by $\mathbb{R}$. We denote by $\mathbb{R}_{\geq k}$ and $\mathbb{Z}_{\geq k}$ the set of real numbers and positive integers greater than or equal to $k \in \mathbb{R}$, respectively. We denote by $I_{n \times n}$ the identity matrix in $\mathbb{R}^{n \times n}$, $n \in \mathbb{Z}_{\geq 1}$. A nonempty
set $X$ along with a preorder $\succeq$, i.e., a reflexive and transitive binary relation, is called a directed set if for every pair of elements in $X$ there exists an upper bound with respect to the preorder. A string $\sigma$ on $X$ is a finite sequence of elements in $X$. The length of $\sigma$ is the number of elements in $\sigma$.

A. Basic graph notions

A directed graph, or simply digraph, $G$ is a pair $(V,E)$, where $V$ is a finite set, called the vertex set, and $E \subseteq V \times V$, called the edge set. Given $(u,v) \in E$, $u$ is an in-neighbor of $v$ and $v$ is an out-neighbor of $u$. A directed path in a digraph, or in short path, is an ordered sequence of vertices so that any two consecutive vertices are an edge of the digraph. A vertex $u$ is reachable from $v$ if there exists a path starting at $v$ and ending at $u$. A cycle in a digraph is a directed path that starts and ends at the same vertex and has no other repeated vertex. A digraph without any cycle is acyclic.

B. Ordinal potential games and strategic paths

A (finite) game $[9, 4]$ is a triplet $G = (V, S_{\text{outcome}}, P)$ with the following elements: $V$ is a set of players, $S_{\text{outcome}} = S_1 \times \ldots \times S_n$ is the outcome set with cardinality $N = |S_{\text{outcome}}| = \mathbb{Z}_{\geq 1}$ players, where $S_i$ is a finite set of actions available to player $v_i \in V$, and $P = (P_1, \ldots, P_n)$, with $P_i = (x_1, \ldots, x_N)^T \in S_p$, the preference vector of player $v_i, i \in \{1, \ldots, n\}$. Here, $S_p \subset S_{\text{outcome}}$ denotes the set of all elements of $S_{\text{outcome}}$ with pairwise different entries. We denote by $\pi_i$ the natural projection of $S_{\text{outcome}}$ onto the strategy set $S_i$ of the $i$th player. We also use $\pi_{-i}$ to denote the natural projection of $S_{\text{outcome}}$ onto $S_{-i} = S_1 \times S_2 \times \ldots \times S_i \times \ldots \times S_n$, where the hat notation denotes that $S_i$ is excluded from the product. Note that, for each $i \in \{1, \ldots, n\}$, the outcome set $S_{\text{outcome}}$ is a directed set under the preorder $\succeq_{P_i}$ induced by the preference vector $P_i$ of player $v_i$ as follows: $x \succeq_{P_i} y$ if $x$ has a lower entry index that $y$ in $P_i$.

A strategic path in $S_{\text{outcome}}$ is a sequence of outcomes $\mathcal{S} = (x_1, x_2, \ldots)$, with $x_j \in S_{\text{outcome}}$ such that, for each $j \in \mathbb{Z}_{\geq 2}$, there exists $i(j) \in \{1, \ldots, n\}$ with $v_i(j) \in V$, $\pi_{i(j)}(x_{j+1}) \neq \pi_{i(j)}(x_{j+1})$, and $\pi_{-i(j)}(x_{j+1}) = \pi_{-i(j)}(x_{j+1})$. A strategic path $\mathcal{S} = (x_1, x_2, \ldots)$ is nondeteriorating if $x_{j+1} \succeq_{P_{i(j)}} x_j$, for all $j \in \mathbb{Z}_{\geq 2}$ and is a better reply path if $x_{j+1} \succ_{P_{i(j)}} x_j$, for all $j \in \mathbb{Z}_{\geq 2}$. A finite strategic path $\mathcal{S} = (x_1, x_2, \ldots, x_m, x_1)$, $m \in \mathbb{Z}_{\geq 2}$, is called a weak improvement cycle if it is nondeteriorating and $x_{j+1} \succ_{P_{i(j)}} x_j$ for some $j \in \{1, \ldots, m-1\}$.

For later use, we also recall the notion of ordinal potential games [10]. A game $G = (V, S_{\text{outcome}}, P)$ is called an ordinal potential game if there exists a real-valued function $\mathcal{P} : S_{\text{outcome}} \rightarrow \mathbb{R}$ such that for all $v_i \in V$ and $a_i, b_i \in S_i$, we have $(a_i, a_i) \succeq_{P_i} (b_i, a_i)$ if and only if $\mathcal{P}(a_i, a_i) > \mathcal{P}(b_i, a_i)$. The function $\mathcal{P}$ is called the ordinal potential function for $G$. One can establish [10] that $G$ is ordinal potential iff it does not have any weak improvement cycle.

III. HYPERSAG GAME THEORY

In this section, we review the basic notions of hypersag game theory [3, 11, 1]. Our exposition follows [12]. Some well-known examples of the application of hypersag game analysis include the Normandy invasion and the Cuban missile crisis, see [3]. A 0-level hypersag game is simply a finite game. A 1-level hypersag game with $n$ players is a set $H^1 = \{G_1, \ldots, G_n\}$, where $G_i = (V, (S_{\text{outcome}})_i, P_i)$, for $i \in \{1, \ldots, n\}$, is the subjective finite game of player $v_i \in V$, and $V$ is a set of $n$ players; $(S_{\text{outcome}})_i = S_1 \times \ldots \times S_n$, with $S_j$ the finite set of strategies available to $v_j$, as perceived by $v_i$; $P_i = (P_{1i}, \ldots, P_{ni})$, with $P_{ji}$ the preference vector of $v_j$, as perceived by $v_i$.

In a 1-level hypersag game, each player $v_i \in V$ plays the game $G_i$ with the perception that she is playing a game with complete information, which is not necessarily true. This is in sharp contrast with Bayesian games [5, 6], where a 'nature' player determines, according to some probability distribution a priori known to all players, the preferences of each one. The definition of a 1-level hypersag game can be extended to higher-level hypersagames, where some of the players have access to additional information that allow them to form perceptions about other players' perceptions, other players' perceptions about them, and so on. One can, inductively, extend the definition of 1-level hypersagame as follows: a $k$-level hypersagame with $n$ players, $k \geq 1$, is a set $H^k = \{H_1, \ldots, H_n\}$, where $k_i \leq k - 1$ and at least one $k_i$ is equal to $k - 1$. The hypersagame $H^k$ is called homogeneous if $k_i = k - 1$ for all $i \in \{1, \ldots, n\}$.

A. Equilibria and stability

Here, we discuss the notions of equilibria and stability. Consider a $k$-level hypersagame $H^k$ between players $\{A_1, \ldots, A_n\}$ with outcome set $S_{\text{outcome}}$. Without loss of generality and for simplicity, we assume that $H^k$ is homogeneous. For $x \in S_{\text{outcome}}$, we denote by $\pi_{A_1}(x)$ the set of outcomes $y \in S_{\text{outcome}}$ such that $\pi_{A_1}(y) = \pi_{A_1}(x)$. For a string $\sigma$ of length $k$ on the set $\{A_1, \ldots, A_n\}$, let $P_{A_1, \sigma}, i \in \{1, \ldots, n\}$, denote the preferences of $A_i$ as perceived by $\sigma$ in $H^k$. For instance, $P_{A_1, A_2}$ corresponds to what player $A_1$ perceives that player $A_2$ thinks about player $A_1$'s preferences in a 2-level hypersagame $H^2$. We use the preference vectors $(P_{A_1}, \ldots, P_{A_n})$ to denote the 0-level hypersagame $H^0$, often referred to as the subjective hypersagame perceived by $\sigma$. With a slight abuse of notation, $\geq_{A_i, \sigma}$ denotes the binary relation $\geq_{P_{A_i, \sigma}}$ on $S_{\text{outcome}}$ induced by $P_{A_i, \sigma}$.

Given two distinct outcomes $x, y \in S_{\text{outcome}}$, $y$ is an improvement from $x$ for player $A_i$ perceived by $\sigma$ in $H^k_\sigma$ if and only if $\pi_{A_i}(y) = \pi_{A_i}(x)$ and $y \geq_{A_i, \sigma} x$. An outcome $x \in S_{\text{outcome}}$ is rational for player $A_i$ in $H^k_\sigma$ if there exists no improvement from $x$ for this player. Finally, $x \in S_{\text{outcome}}$ is sequentially rational for $A_i$ in $H^k_\sigma$ if and only if for each improvement $y$ from $x$ for $A_i$ in $H^k_\sigma$ there exists $z \in S_{\text{outcome}}$ which sanctions $y$, i.e., $\pi_{A_i}(z) = \pi_{A_i}(y)$ and $x \geq_{A_i, \sigma} z$ such that for all $j \in \{1, \ldots, n\}$ with $j \neq i$, either $\pi_{A_j}(y) = \pi_{A_j}(z)$, or the outcome $z_{A_j} \in S_{\text{outcome}}(\pi_{A_j}(y))$, where $\pi_{A_j}(z_{A_j}) = \pi_{A_j}(y)$ and $\pi_{A_j}(z_{A_j}) = \pi_{A_j}(y)$, for all $l \in \{1, \ldots, n\}, l \neq j$, is an improvement from $y$ in $S_{\text{outcome}}(\pi_{A_j}(y))$ for $A_j$. By this definition, any sanction against the improvement $y$ from $x$ is due to actions taken by some players $\{A_{j1}, \ldots, A_{ji}\}$, where $\{j_1, \ldots, j_i\} \subset \{1, \ldots, n\}, j_p \neq i$, for all $p \in \{1, \ldots, i\}$. A rational outcome is also sequentially rational.
A player is rational if she only takes actions associated to sanction-free improvements. It turns out that all $0$-level hypergames have at least one sequentially rational outcome [3], [11]. An outcome $x \in S_{\text{outcome}}$ is unstable for $A_i$, perceived by $\sigma$, in $H^0$, $i \in \{1, \ldots, n\}$ if it is not sequentially rational and is an equilibrium of $H^0$ if it is sequentially rational for all players $A_i$, $i \in \{1, \ldots, n\}$, with respect to $H^0$. Note that more than one equilibrium might exist. An outcome is called an equilibrium of $H^k$ if it is sequentially rational in all $H^k$, where $\sigma = A_iA_i \ldots A_i$, $i \in \{1, \ldots, n\}$ is a string of length $k$ on $\{A_1, \ldots, A_n\}$. One can similarly define the notion of equilibrium for any intermediate level $H_{\eta}^k$, where $k_1 < k$ and $\eta$ is sequence of length at most $k - 1$ on $\{A_1, \ldots, A_n\}$.

For brevity, we sometimes omit the wording ‘with respect to $H^0$’ and ‘perceived by $\sigma$’ when it is clear from the context.

B. H-digraphs

The notion of H-digraph [12], generalized here to $n$ players, contains the information about the possible improvements from an outcome to another outcome, the equilibria, and the sanctions. Consider a homogeneous $k$-level hypergame $H^k$ between players $\{A_1, \ldots, A_n\}$. Given $\sigma$ and $i \in \{1, \ldots, n\}$, we assign to each $x \in S_{\text{outcome}}$ a positive number $\text{rank}(x, P_{A_i, \sigma}) \in \mathbb{R}_{>0}$, called rank, such that, for each $S_{\text{outcome}}$, $y \neq x$, we have $\text{rank}(y, P_{A_i, \sigma}) > \text{rank}(x, P_{A_i, \sigma})$ if and only if $x \succ A_i \sigma y$. The $n$-dimensional digraph $G_{H_k}^0 = (S_{\text{outcome}}, \mathcal{E}_{H_k}^0)$ is the H-digraph associated to the 0-level hypergame $H^0$, where each vertex $x \in S_{\text{outcome}}$ is labeled with $(\text{rank}(x, P_{A_1, \sigma}), \ldots, \text{rank}(x, P_{A_n, \sigma}))$, and $(x, y)$ belongs to $\mathcal{E}_{H_k}$ iff $\pi_j(x) \neq \pi_j(y)$, $i \in \{1, \ldots, n\}$, $\pi_{-i}(x) = \pi_{-i}(y)$, and there exists a perceived improvement $y$ from $x$ for player $A_i$ in $H^0$ for which there exists no sanction of players $A_{-i}$, perceived by $\sigma$.

IV. ACYCLIC STRUCTURE OF H-DIGRAPHS

We study the structure of H-digraphs and examine the implications on the equilibria of hypergames. This allows us to draw an interesting analogy with ordinal potential games. The following definitions adapt the notions of nondeterminating paths and weak improvement cycles for hypergames.

**Definition 4.1:** (Nondeterminating paths and weak improvement cycles in subjective hypergames): A strategic path $\mathcal{G} = (x_1, x_2, \ldots)$ in $S_{\text{outcome}}$ is nondeterminating for $H^0$ if $(x_j, x_{j+1}) \in \mathcal{E}_{H_k}$, for all $j \in \mathbb{Z}_{\geq 1}$. A finite strategic path $\mathcal{G} = (x_1, x_2, \ldots, x_m, x_1)$, $m \in \mathbb{Z}_{\geq 1}$, is a weak improvement cycle for $H^0$ if it is nondeterminating and $x_j \succ A_i \sigma x_{j+1}$ for some $j \in \{1, \ldots, m-1\}$ and $i \in \{1, \ldots, n\}$.

An **improving adjustment scheme** in $H^0$ is any method that, given an initial outcome $x_1 \in S_{\text{outcome}}$, generates a nondeterminating strategic path $\mathcal{G} = (x_1, x_2, \ldots)$. A best-response scheme is a special case of this notion, see [13] for more details. Next, we present our first result.

**Theorem 4.2:** (Subjective hypergames with two players contain no weak improvement cycle): Consider a $k$-level hypergame $H^k$ between players $A_1$ and $A_2$. Let $H^0_k$ be a $0$-level subjective hypergame perceived by $\sigma$, a string of length at most $k$ on $\{A_1, A_2\}$. Then $H^0_k$ contains no weak improvement cycle.

**Proof:** We reason by contradiction. Suppose $\mathcal{G} = (x_1, x_2, x_3, \ldots, x_p, x_1)$ is a weak improvement cycle for $H^0_k$. Without loss of generality, we assume that players take alternate turns to take actions along the path. In other words, for $1 \leq j < p - 1$, if $\pi_{A_1}(x_j) = \pi_{A_1}(x_{j+1})$ (resp. $\pi_{A_2}(x_j) = \pi_{A_2}(x_{j+1})$), then $\pi_{A_2}(x_{j+1}) = \pi_{A_2}(x_{j+2})$ (resp. $\pi_{A_1}(x_{j+1}) = \pi_{A_1}(x_{j+2})$). Our assumption is justified by the fact that, if $\pi_{A_1}(x_j) = \pi_{A_1}(x_{j+1}) \neq \pi_{A_1}(x_{j+2})$, then $x_{j+1}$ is a perceived improvement from $x_j$ for player $A_1$ and thus the outcome $x_{j+1}$ can be removed from the path $\mathcal{G}$, which still would correspond to a weak improvement cycle for $H^0_k$. Note that, in particular, our assumption implies $p \in 2\mathbb{Z}_{\geq 2}$.

Suppose $A_2$ is the first player to take an action, i.e., $\pi_{A_2}(x_1) \neq \pi_{A_2}(x_2)$ (the reasoning for the case when the first player is $A_1$ is analogous). Since $\mathcal{G}$ is a weak improvement cycle, $x_2 \succeq A_2 \sigma x_1$. Moreover, since $\pi_{A_1}(x_2) = \pi_{A_1}(x_3)$, we have that $x_3 \succeq A_1 \sigma x_2$. As a result, we deduce that $x_3 \succeq A_2 \sigma x_1$; otherwise, $A_2$’s perceived improvement $x_2$ from $x_1$ is not sanction-free. With a similar argument, one can deduce that, for $j \in \{1, \ldots, \frac{p-2}{2}\}$,

(i) $x_{2j+1}, x_{2j+2} \succeq A_2 \sigma x_{2j-1}$;

(ii) $x_{2j+1}, x_{2j+2} \succeq A_1 \sigma x_{2j}$;

(iii) $x_{p-1}, x_1 \succeq A_2 \sigma x_{p-1}$ and $x_1, x_2 \succeq A_1 \sigma x_p$.

Since $\mathcal{G}$ is an improvement cycle, there must exist at least one $l \in \{1, \ldots, p - 1\}$ such that either $x_{l+1} \succ A_1 \sigma x_l$ with $\pi_{A_j}(x_l) = \pi_{A_j}(x_{l+1})$ or $x_{l+1} \succ A_2 \sigma x_l$ with $\pi_{A_i}(x_l) = \pi_{A_j}(x_{l+1})$. Assume we are in the first case, i.e., $l$ is odd, (the argument for the second case, i.e., $l$ is even, is the same). Then, using (ii), one concludes that $x_p \succeq A_1 \sigma x_2$, which contradicts (iii).

We generalize the result above to the case of an arbitrary number of players using an inductive procedure.

**Theorem 4.3:** (Subjective hypergames contain no weak improvement cycle): Consider a $k$-level hypergame $H^k$ with $n$ players $\{A_1, \ldots, A_n\}$. Then none of the subjective $0$-level hypergame $H^0_k$, where $\sigma$ is a string of length at most $k$ on $\{A_1, \ldots, A_n\}$, contains a weak improvement cycle.

**Proof:** Let $\{A_1, A_2, \ldots, A_n\}$ be a set of $n \in \mathbb{Z}_{\geq 3}$ players and $H^0_k = (P_{A_i, \sigma}, P_{A_i, \sigma})$. We denote by $S_{\text{reachable}}[\pi_{A_i}(x)] = S_{\text{outcome}}[\pi_{A_i}(x)]$ the set of all outcomes in $S_{\text{outcome}}[\pi_{A_i}(x)]$ which can be reached from $x \in S_{\text{outcome}}$ in the digraph $G_{H_k}^0$ by a directed path in $S_{\text{outcome}}[\pi_{A_i}(x)]$.

Consider a strategic path $\mathcal{G} = (x_1, x_2, \ldots, x_m)$ for $H^0_k$, with $m \in \mathbb{Z}_{\geq 1}$. Similar to the two players’ case, without loss of generality, we assume that if player $A_i$ takes an action that changes the outcome from $x_j$ to $x_{j+1}$, then player $A_i$ takes an action next, where $j, l \in \{1, \ldots, m\}$ and $i \neq l$.

Without loss of generality, we assume that player $A_2$ is the first player that takes an action that changes the outcome from $x_1$ to $x_2$. Note that $\mathcal{G}$ induces a sequence of outcomes, denoted by $\mathcal{G} \subseteq S_{\sigma_{A_2}} = \{x_1, x_2, \ldots, x_m\}$, $m' \in \mathbb{Z}_{\geq 2}$, with $\pi_{A_2}(x_{j'}) = \pi_{A_2}(x_{j'+1})$, for all $j' \in \{1, \ldots, m'-1\}$.

We proceed with the proof by induction on $n$. By Theorem 4.2, the claim holds for $n = 2$. Suppose that the claim holds for any subjective $0$-level hypergame with $n = N - 1$ players, and let us show that it also holds when $n = N$. If we fix the action of one player, say $A_i$, then players $A_{-i}$...
are playing a 0-level hypergame with \( N - 1 \) players, which contains no weak improvement cycle by the assumption of induction. Thus it is enough to show that \( \mathcal{G}|_{\pi_{A_j}} \) cannot be a weak improvement cycle.

We claim that \( x_{j+1} \succeq_{A_j} x_{j'} \), for all \( x_{j'}, x_{j+1} \in \mathcal{G}|_{\pi_{A_j}} \). For any outcome \( x_l \in \mathcal{G} \cap \mathcal{S}_{\text{reachable}}(\pi_{A_j}(x_{j'})) \), we have that
\( x_l \succeq_{A_j} x_j \). In particular, there exists an outcome \( x_{j'}' \in \mathcal{G} \cap \mathcal{S}_{\text{reachable}}(\pi_{A_j}(x_{j'})) \) such that \( \pi_{A_j}(x_{j'}') = \pi_{A_j}(x_{j'+1}) \), \( x_{j'+1} \succeq_{A_j} x_{j'}' \), and \( x_{j'}' \succeq_{A_j} x_j \). Thus we conclude that \( x_{j+1} \succeq_{A_j} x_{j'} \), as claimed. By a similar argument, one can conclude that \( x_1 \succeq_{A_j} x_{n'} \). Since \( \mathcal{G}|_{\pi_{A_j}} \) is a weakly improvement cycle, there exists at least two consecutive outcomes \( x, y \in \mathcal{G}|_{\pi_{A_j}} \), such that player \( A_j \) is perceived to strictly prefer \( y \) to \( x \). But this gives a contradiction, with an argument similar to the one in Theorem 4.2.

Remark 4.4: (Connection to ordinal potential games): Suppose \( \mathcal{G}_{H_j} \) is the H-digraph associated to a subjective hypergame \( H_j^0 \) with \( n \) players \( V = \{A_1, \ldots, A_n\} \) and let \( G = (V, S_{\text{outcome}}, P) \) be the game defined by \( x_2 \succeq_{P} x_1 \) with \( \pi_i(x_1) = \pi_i(x_2), \pi_i(x_1) \neq \pi_i(x_2) \) for \( v_i \in V \) if and only if \( (x_1, x_2) \in \mathcal{G}_{H_j} \). Then, \( G \) is an ordinal potential game since, by Theorem 4.3, the digraph \( \mathcal{G}_{H_j} \) is acyclic.

We state an immediate consequence of Theorem 4.3 which captures how each individual player learns the equilibrium of her subjective hypergame.

Corollary 4.5: (Learning in subjective hypergames): Any improving adjustment scheme used for learning the hypergame \( H_j^0 \) will converge to an equilibrium.

We finish this section by revealing some interesting structural properties of the H-digraphs as a corollary of Theorem 4.3. In particular, we present a necessary condition for a digraph to be associated to a subjective hypergame.

Corollary 4.6: (Necessary conditions for a digraph to be an H-digraph): Suppose \( G \) is an H-digraph associated to a subjective hypergame with player set \( V \) and outcome set \( S_{\text{outcome}} \). Then all the eigenvalues of \( \text{Adj}(G) + I_{1 \times n} \), where \( \text{Adj}(G) \) is the adjacency matrix associated to \( G \), are equal to 1. If \( S_{\text{sub-hyp}}(S_{\text{outcome}}) \) is the space of all subjective hypergames of a player in \( V \), with outcome set \( S_{\text{outcome}} \), then \( |S_{\text{sub-hyp}}(S_{\text{outcome}})| \leq N_{\text{acyclic}}(n) \), where

\[
N_{\text{acyclic}}(n) = \sum_{i=1}^{n} (-1)^{i-1} \binom{n}{i} 2^{i(n-i)} N_{\text{acyclic}}(n-i).
\]

Proof: By Theorem 4.3, \( G \) is acyclic. Thus all eigenvalues of \( \text{Adj}(G) + I_{1 \times n} \) are equal to 1, see [14]. The second part follows from a combinatorial result on the number of acyclic digraphs with labeled vertices [15, Corollary 2].

Note that there are, however, acyclic digraphs which cannot be associated to a hypergame. In fact, when each player action set has at least cardinality 2, the inequality in Corollary 4.6 is strict. We demonstrate this by an example.

Example 4.7: (An acyclic digraph which is not an H-digraph): Consider the following digraph,
\[ x_1 \rightarrow x_2 \]
\[ x_3 \leftrightarrow x_4 \]
Suppose this digraph can be associated to \( H_j^0 \), where \( \sigma \) is a string on \( \{A_1, A_2\} \), with \( S_{\text{outcome}} = \{x_1, x_2, x_3, x_4\} \) and two players, where \( A_1 \) plays rows and \( A_2 \) plays columns. First, note that \( x_4 \succeq_{A_1} x_2 \), since otherwise, there must exist an edge \( (x_4, x_2) \), because the improvement \( x_2 \) from \( x_4 \) is sanction free for \( A_1 \). Since there exists a perceived sanction by \( A_2 \) against the improvement \( x_4 \) from \( x_2 \) for \( A_1 \), one also concludes that \( x_2 \succeq_{A_1} x_3 \). Next, notice that \( x_3 \succeq_{A_1} x_1 \), since otherwise, there exists a sanction-free improvement \( x_1 \) from \( x_3 \) for \( A_1 \). If \( x_4 \succeq_{A_2} x_3 \), then the improvement \( x_4 \) from \( x_3 \) is perceived as sanction-free for \( A_2 \), since the outcome \( x_4 \) is perceived as rational for \( A_1 \). This is a contradiction with the nonexistence of the edge \( (x_3, x_4) \). Conversely, suppose \( x_3 \succeq_{A_2} x_4 \). Then the perceived improvement \( x_3 \) from \( x_1 \) for \( A_1 \) is sanction free, since \( x_3 \) is rational for \( A_2 \), but this is also a contradiction to the nonexistence of the edge \( (x_1, x_3) \). Thus this digraph cannot be associated to a subjective hypergame \( H_j^0 \) with two players \( A_1 \) and \( A_2 \).
with $A_{i_0}^k = A_{i_1} \ldots A_{i_k}$ (k copies), to reflect
\[ x_2 \succ A_{i_0}^k A_i x_1. \] (1)

The choice of $A_{i_0}^k A_i$ is determined by the fact that $A_{i_0}^k A_i$ is the unique string in 
\( \{ \sigma A_{i_0} A_i \mid \sigma \text{ is a string of length } k - 1 \text{ on } \{ A_{i_1}, \ldots, A_{i_n} \} \} \)
which is equivalent to $A_{i_0} A_i$.

The update (1) does not guarantee that $x_1$ will be perceived as unstable for $A_{i_0}$ by $A_i$, which is the additional piece of information contained in the action taken by $A_{i_0}$. Since players are rational, $A_i$ needs to adjust her perception to make it compatible with this observation. In this case, it would be enough for $A_i$ to update her perception such that the improvement $x_2$ from $x_1$ is perceived as sanction-free.

In general, we do not infer any information on the stability of $x_2$, since according to the H-digraph, $A_{i_0}$ can take an action that changes the outcome to any sanction-free improvement, even though this outcome might be unstable for her.

The above discussion motivates the design of the high-order perception update algorithm in Table I. This strategy allows each player to incorporate the observations about the opponent's actions into her preferences and remove the inconsistencies.

<table>
<thead>
<tr>
<th>Name:</th>
<th>high-order perception update algorithm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal:</td>
<td>Incorporate observations into perceptions of $A_i$ in a consistent manner</td>
</tr>
<tr>
<td>Input:</td>
<td>Action of $A_{i_0}$, observed by $A_i$, changing the outcome from $x_1 \in S_{\text{outcome}}$ to $x_2 \in S_{\text{outcome}}$, with $i \in {1, \ldots, n}$</td>
</tr>
<tr>
<td>Output:</td>
<td>Updated $H_{i_0}^{A_{i_0}^k A_i}$, a sequence of length $k - 1$</td>
</tr>
</tbody>
</table>

1: update $P_{A_{i_0}^k A_i}$ with $x_2 \succ A_{i_0}^k A_i x_1$
2: if improvement $x_2$ form $x_1$ is sanction-free for $A_{i_0}^k$ in $H_{i_0}^{A_{i_0}^k A_i}$ then
3: no update is required
4: else
5: for each sanction $x \in S_{\text{outcome}}$ against $x_2$ do
6: if self-blaming then
7: update perception with $x \succ A_{i_0}^k A_i x_1$
8: else if opponent-blaming then
9: for $\pi_{j_p} \in \{ \pi_{j_1}, \ldots, \pi_{j_p} \}$ and $j_p \neq i^*$, $p \in \{1, \ldots, \ell\}$
10: select non-empty $M \subset \{1, \ldots, \ell\}$
11: for each $p \in M$ do
12: let $z_{j_p}$ be the unique outcome given by $\pi_{j_p}(z_{j_p}) = \pi_{j_p}(x_2)$ and $\pi_{j_p}(z_{j_p}) \neq \pi_i(x_2)$ for all $i \in \{1, \ldots, n\} \setminus \{j_p\}$
13: update $P_{A_{i_0}^k A_i}^{A_{i_0}^k A_i}$ with $x_2 \succ A_{i_0}^k A_i z_{j_p}$
14: end for
15: end if
16: end for
17: end if

### Table I
THE HIGH-ORDER PERCEPTION UPDATE ALGORITHM

#### Remark 5.1 (Preference update mechanism): There are many methods to change a player’s preference to make (1) hold. Let us describe the formal requirements that such methods should satisfy. Let $\sigma$ be a string on $\{A_{i_1}, \ldots, A_{i_n}\}$ and let $P_{\sigma A_{i_0} A_i}$ be a preference vector of player $A_i$, perceived by player $A_i$. We define the observation set $O_{\sigma A_{i_0} A_i}$ as the set of all binary relations observed by player $A_i$ about player $A_{i_0}$. We say that the preference vector $P_{\sigma A_{i_0} A_i}$ is compatible with an observation set $O_{\sigma A_{i_0} A_i}$ if all the binary relations in $O_{\sigma A_{i_0} A_i}$ hold with the order $\succ_{\sigma A_{i_0} A_i}$. A preference update mechanism compatible with an observation set $O_{\sigma A_{i_0} A_i}$ is a map $\Psi_{O_{\sigma A_{i_0} A_i}} : S_p \rightarrow S_p$ such that $\Psi_{O_{\sigma A_{i_0} A_i}}(P)$ is compatible with $O_{\sigma A_{i_0} A_i}$ for $P \in S_{\text{outcome}}$. Throughout this section, when we say a player updates her preferences with some binary relation, we mean that this player adds this binary relation to her associated observation set and uses a preference update mechanism to generate a preference vector compatible with the observation set. Particular instances of such updating mechanisms are given for instance in [12].

The next example shows how players can use the high-order perception update algorithm.

#### Example 5.2: (Algorithm execution): Let $A_0$ and $A_2$ play a 2-level hypergame with $S_{\text{outcome}} = \{x_1, x_2, x_3, x_4\}$ and
\[ P_{A_0 A_1 A_2} = (x_3, x_2, x_4, x_1)^T, \]
\[ P_{A_2 A_3 A_0} = (x_1, x_4, x_3, x_2)^T = P_{A_0 A_2 A_1}, \]
\[ P_{A_1 A_2 A_3} = (x_2, x_4, x_3, x_1)^T, \]
\[ P_{A_2 A_3 A_1} = (x_4, x_3, x_2, x_1)^T = P_{A_1 A_2 A_3}, \]
\[ P_{A_2 A_1 A_0} = (x_1, x_4, x_2, x_3)^T. \]

Let $x_3$ be the initial outcome. Observe that $x_3$ is perceived as unstable for $A_2$ in $H_{i_0}^{A_{i_0}^k A_i}$. Thus $A_2$ takes an action which changes the outcome to $x_4$ and this is observed by $A_1$. This action is aligned with $A_1$’s perception about the ranking of $x_3$ and $x_4$ since $x_4 \succ A_2 A_3 A_0$, but not with the fact that $A_1$ perceives $x_1$ as sequentially rational for $A_2$ in $H_{i_0}^{A_{i_0}^k A_i}$. According to the high-order perception update algorithm, $A_1$ can either conclude that the inconsistency is due to her misperception about $A_2$’s true game; or conclude that $A_2$ has an incorrect perception about $A_1$’s true game. In the former case, $A_1$ updates her perception using the partial order $x_2 \succ A_0 A_1 A_2$, for example, by swapping the order of these outcomes in $P_{A_2 A_1 A_0}$; in the latter case, $A_1$ updates her perception with the partial ordering $x_4 \succ A_1 A_2 A_3$.

#### B. Analysis of the high-order perception update algorithm

Here we analyze the properties of the high-order perception update algorithm and its impact on the stability of the outcomes. The following result is an immediate consequence of the definition of the algorithm.

#### Lemma 5.3: (High-order perception update algorithm removes the inconsistencies): If player $A_i$, $i^* \in \{1, \ldots, n\}$, takes an action that changes the outcome of a $k$-level, $n$-player hypergame from $x_1$ to $x_2$ and $A_i$, $i \in \{1, \ldots, n\} \setminus \{i^*\}$, updates her perception about $A_{i^*}$ using the high-order perception update algorithm, then $x_1$ is perceived as unstable for $A_{i^*}$ in $H_{i_0}^{A_{i_0}^k A_i}$. The next result describe in detail those parts of the perception of each player that are affected by the updates of the algorithm. We begin with the case where the incom-
sistencies are perceived to arise because of a player’s own misperception, and consequently, she only uses 6: in Table I.

Proposition 5.4: (Self-blaming the inconsistencies): Suppose $A_i$, $i^* \in \{1, \ldots, n\}$, takes an action that changes the outcome of a k-level, n-player hypergame from $x_1$ to $x_2$ and $A_i$, $i \in \{1, \ldots, n\} \setminus \{i^*\}$, updates her perception about $A_i^k$ using the high-order perception update algorithm resolving the inconsistencies via 6: Table I. Then, the only subjective hypergames whose stability can change are $H^0_{A_i}$ with $\sigma \cong A_i \cdot A_i$ or $\sigma = A_i^k$.

Proof: By assumptions and by the high-order perception update algorithm, $A_i$ only updates the ranks of the outcomes in $P_{A_i^k, A_i}$. Such updates affect the stability of the outcomes in $H^0_{A_i}$ $\sigma$ a string of length k, where $\sigma \cong A_i \cdot A_i$ or $\sigma = A_i^k$. This is because for any such $\sigma$, the ordering in the preference vector $P_{A_i, \sigma}$ changes as $P_{A_i^k, A_i}$ changes. Moreover, the changes in the rankings in $P_{A_i^k, A_i}$ do not have any impact on the stability of outcomes in $H^0_{A_i}$, $\eta \neq \sigma$ a string on $\{A_1, \ldots, A_n\}$ of length k, since $A_1 \eta$ is not equivalent to $A_i^k A_i$ for any $l \in \{1, \ldots, n\}$.

The next result characterizes the case in which a player believes that inconsistencies arise because of the misperception of other players about her game, and consequently, only uses 8: Table I. The proof is similar to the one for the previous result and is omitted here.

Proposition 5.5: (Opponent-blaming for the inconsistencies): Suppose $A_i$, $i^* \in \{1, \ldots, n\}$, takes an action that changes the outcome of a k-level, n-player hypergame from $x_1$ to $x_2$ and $A_i$, $i \in \{1, \ldots, n\} \setminus \{i^*\}$, updates her perception about $A_i^k$ using the high-order perception update algorithm resolving the inconsistencies via only 8: Table I, by assuming that $A_i$’s perception about players $A_j, \ldots, A_{j_\ell}$ $\in \{A_1, \ldots, A_n\}$, where $\pi_{j_\ell}(z) \neq \pi_{j_\ell}(x_2)$ and $j_p \neq i^*$, for all $p \in \{1, \ldots, \ell\}$, is incorrect. Then, the only subjective hypergames whose stability can change are $H^0_{A_i}$ with $\sigma \cong A_i \cdot A_i$, $\sigma \cong A_j \cdot A_i \cdot A_i$, or $\sigma = A_i^k$.

Our final result states that the repeated play of a hypergame in which all players use the high-order perception update algorithm to update their perceptions is guaranteed to converge to an equilibrium.

Theorem 5.6: (Convergence to an equilibrium under the high-order perception update algorithm): Consider a k-level, n-player hypergame. Suppose all players are rational, can fully observe the actions of their opponents, play sequentially, and update their perceptions according to the high-order perception update algorithm. Then the repeated play of this hypergame converges to an equilibrium.

Proof: Since we assumed that the outcome set is a finite set and all players are playing a rational game, each player $A_i$, $i \in \{1, \ldots, n\}$, will eventually fully learn the preferences of her opponents’ in $P_{A_i^k, A_i}$, for all $i^* \in \{1, \ldots, n\} \setminus \{i\}$, unless the evolution of the hypergame finishes in an equilibrium. If the evolution of $P_{A_i^k, A_i}$ converges to $P_{A_i^k, A_i}$ for all $i \in \{1, \ldots, n\}$, then any equilibrium of the 0-level subjective hypergame $H^0_{A_i}$ of $A_i$ is also, by definition, an equilibrium of $H^k$. Since players are rational and play sequentially, the repeated play of the hypergame is an improving adjustment scheme for the subjective hypergame of $A_i$, which by Corollary 4.5 converges to an equilibrium.

VI. CONCLUSIONS

We have studied the learning of equilibria in hypergames. By drawing a connection with ordinal potential games, we have shown that the H-digraph associated to a finite subjective hypergame contains no weak improvement cycle. This property has allowed us to show that players can use any improving adjustment scheme to learn the equilibria of their subjective hypergames. We have designed the high-order perception update algorithm that allows players to consistently update their perceptions with the information contained in their observations and using either self-blaming or opponent-blaming strategies. We have characterized the properties of the high-order perception update algorithm and, more importantly, we have proved that if players are rational, have perfect observation about the past outcomes of the game, and use this information to update their perceptions about the opponents’ preferences, any repeated play of the hypergame will converge to an equilibrium. Future work will explore the extension of the results of the paper to situations with imperfect observations, and their application to deception.

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REFERENCES


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